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# **HOUSING ELEMENT OF THE LONG BEACH GENERAL PLAN**

**JUNE 1989**

**PREPARED BY THE DEPARTMENT OF PLANNING AND BUILDING  
IN CONJUNCTION WITH  
THE COMMUNITY DEVELOPMENT DEPARTMENT**



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# 1989 HOUSING ELEMENT REVISION

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The National Committee on Education

In 1948, the United States Government established a National Committee on Education to study and report on the state of education in the United States. The committee was composed of representatives from various educational fields and was charged with the task of identifying the major problems in education and recommending ways to solve them. The committee's report, published in 1953, was a landmark document in the history of American education. It identified a number of key areas for improvement, including the need for more equitable distribution of resources, the need for more rigorous standards, and the need for more effective teaching methods. The report also called for a more unified system of education, with a clear division of responsibilities between the federal, state, and local governments.

## I. SUMMARY

The committee's report identified a number of key areas for improvement in education. These included the need for more equitable distribution of resources, the need for more rigorous standards, and the need for more effective teaching methods. The report also called for a more unified system of education, with a clear division of responsibilities between the federal, state, and local governments.

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## I. SUMMARY

### The National Commitment to Housing

In 1949, the United States Congress declared a bold new national commitment to "a decent home and a suitable living environment for every American family." During the next 30 years, this nation moved steadily, but slowly, toward meeting that commitment. Between 1950 and 1980, the "American dream" came true for an increasing number of families, as the rate of homeownership rose from 55% to 64.4%. The Federal Government took responsibility for housing those who were unable to afford decent housing, first through public housing, then through subsidies to private developers, and most recently through subsidies both to developers and to tenants (rent certificates).

Thirty years of progress came to an abrupt end in 1980. The most significant factor in this reversal was the withdrawal by the Federal Government from its earlier commitment. Since 1980, Federal support for housing has declined by 75%. In addition, housing costs have soared upward more rapidly than incomes. For the first time in over 20 years the rate of homeownership is falling. Since 1980 the level of homeownership has declined almost two percentage points, which is a dramatic drop over such a short period of time.

The housing problems in the country are becoming increasingly obvious to all Americans with the presence of the homeless. An increasing number of American individuals and families are being forced to sleep in doorways, in public parks, and in automobiles and other unsuitable places. The specter of homelessness is a dramatic manifestation of the failure of the Nation to meet its commitment to "a decent home...for every American family."

## Housing Plans and Programs in Long Beach

During the first 100 years in the life of the City of Long Beach, the supply of housing grew in tandem with the growth in population. From a mere 800 housing units at the turn of the century, Long Beach now has over 174,000 homes and apartments. The California bungalow, followed by the suburban-style tract home, made homeownership available to an increasing number of families. Relative to the rest of the Southern California region, Long Beach became a community of quality, affordable housing.

The City's first Housing Element of the General Plan was prepared in 1975. The most recent revision to the Housing Element was adopted in 1984. It established an aggressive posture for the City in housing, emphasizing the traditional roles of local government to assure the quality of new and existing housing stock and to facilitate the use of Federal subsidies to insure affordability.

Over the past five years the City has been reasonably successful in achieving the goals and performance objectives of the 1984 Housing Element. The 12,342 housing starts over the period substantially exceeded the regional need allocated to Long Beach of 9,522 units. Most of these new units are affordable to moderate income households, exceeding the 1984 targets for moderate cost housing production by four times. The City achieved 72 percent of its low cost housing target, falling short because of the Federal government cutback in issuance of new Section 8 certificates. The weakest performance was in upper income housing, where only 57 percent of the objective was achieved because of a continuing weak market, particularly for high-density luxury condominiums. Nearly 3,100 housing units were rehabilitated over the five-year period through code enforcement, slightly less than the 3,600 unit objective.



Despite many obvious successes in achieving the goals and targets of the 1984 Housing Element, the housing situation in Long Beach today is in many ways worse than it was five years ago. 1,679 more Long Beach families are receiving housing assistance than in 1984; nevertheless, the number of households who are paying more than 30% of their incomes for rent has increased by 3,667. A full 24% of our families now suffer under this budget squeeze. Housing costs are increasing much more rapidly than housing assistance or income.

In addition, the affordable housing stock of Long Beach is facing new threats to its continued existence. The right of private owners of Federally-subsidized housing projects to convert them to market-rate housing threatens to remove up to 942 housing units from the low-cost stock by 1995. An increased rate of conversion of apartment units to condominium units is also a possibility, with the concurrent displacement of lower-income tenants. Affordable housing is increasingly threatened with demolition, as private developers clear older housing to make way for new development, as aggressive code enforcement causes substandard buildings to be removed, and as seismic safety requirements make continued use of older apartments infeasible. The potential demolition of some of the City's most affordable single-room occupancy units threatens to force more individuals into a state of homelessness. Finally, housing costs in Long Beach are rapidly catching up to those in the rest of the region, as an increasing number of families discover the City to be a wonderful place to live. Unfortunately, this generally positive factor has the negative effect of each year expanding the number of households who cannot afford a decent place to live in our City.

## Accepting the Challenge

Long Beach accepts the challenge which the impending housing crisis places at its doorstep. Faced with the combined effects of rapidly increasing housing prices and dramatically reduced Federal support, the City must assume a new, more aggressive role in housing. Less than a decade ago, the City's roles were primarily those of assuring the quality of new and existing housing stock and of facilitating the use of Federal housing subsidies. Now, it is faced with the much broader and more difficult role of marshalling the financial resources necessary to address the local housing crisis.

The City will build upon its traditional strengths and responsibilities in accepting this new role. First, it will utilize its land use controls to protect the existing stock of affordable housing. This includes downzoning to protect older neighborhoods from housing speculation and recycling, condominium conversion regulations to make it more costly to convert affordable apartment houses, relocation assistance to ease the burden of those displaced by demolition, and one-for-one low-cost housing replacement for units demolished to make way for new development. Second, the City will continue its strong code enforcement efforts to insure that older housing is maintained and rehabilitated to remain safe and sanitary. Third, it will aggressively seek the limited Federal and new State housing assistance funds available, and help both for-profit and non-profit private sponsors to take advantage of these funds to build new affordable housing in Long Beach.

In addition to these traditional efforts, the City will pursue its new role by developing new funding sources at the local level to construct affordable housing and to assist families who cannot afford standard housing. It is estimated that the City can assemble approximately \$23 million of local public



funds for housing over the next five years. If these funds are used in conjunction with private, State and Federal funds, an additional 1,000 low income households can be assisted through 1994.

#### Priorities for a Balanced Program

This housing element bases its priorities upon the City's established planning and development goals. The 1986 Strategic Plan and the 1989 Land Use Element of the General Plan seek to retain a balance in the City's land use, economic development, and population mix. From a population standpoint, these plans envision neither a city of the rich, nor a city of the poor. From a housing standpoint, they envision neither a city of predominantly homeowners, nor a city of predominantly renters. This vision is consistent with State housing policy as expressed in requirements for local housing elements.

Construction of luxury housing remains a high priority for Long Beach, since this is the one area where the City drastically failed to meet its regionally assigned targets for the 1984 housing element. Nevertheless, none of the limited funds will be devoted to stimulating luxury housing construction, and only a limited amount for providing housing for moderate-income households. It is anticipated that some financial support will be provided for construction of mixed income projects, but only to the extent necessary to facilitate the inclusion of below-market rate units. Practically all (approximately 90%) of the locally generated funds will be directed toward meeting the housing needs of low and very low income households.

This housing element projects an average annual construction rate of over 2,000 housing units per year, or a total of 11,650 new units in five years. This falls short of the 13,400 net need in the City as projected by SCAG. As in the

past, most of the shortfall is expected to be in luxury housing. Housing developers are expected to construct approximately 8,000 units affordable to moderate income families. This is enough new housing to meet the combined SCAG projected need for moderate-, low- and very low-income housing during the period. Since it is not feasible for developers to build housing which is affordable to lower income families without a subsidy, the City will endeavor to meet these needs by subsidizing existing or new housing to reduce rents to a level affordable to these needy families. To the extent possible, the City will try to guide the size and type of housing construction to be roughly proportional to projected housing needs of 24% elderly, 14% large family, 55% small family and 7% handicapped.

The City will also give priority to assisting first-time homebuyers through a variety of new financing mechanisms. As a target, the City will try to assist 800 moderate-income households in purchasing their first home in Long Beach.

#### Implementation Strategy

A new Long Beach Housing Development Fund is at the heart of the implementation strategy of this plan. A total of \$22.5 million will be generated for this fund over the next five years from local redevelopment tax increment funds, from Community Development Block Grant funds, from the Housing Authority, and from the in-lieu fees in the City's one-for-one replacement program. No housing subsidy funding will be provided from the City's General Fund.

A new non-profit housing development agency, called the Long Beach Housing Development Company, has been created by City Council to supplement the efforts of for-profit housing developers. Both the Housing Development Fund and the Housing Development Company will become operational immediately.



# SUMMARY COMPARISON OF NEEDS AND TARGETS

## Provision of Housing to Accommodate Growth:

	<u>Need</u>	<u>Target</u>
Low income:		1,000 new assisted
		450 Navy
		250 University
		950 not demolished or replaced
	4,868 units	2,650 units
Moderate income:		
	2,848 units	7,000 private market units
Upper income:		
	5,701 units	2,000 private market units
Total:	13,417 units	11,650 units

## Correction of Physical Deficiencies:

	<u>Need</u>	<u>Target</u>
Substandard units		
Rehabilitatable	5,053	4,000 rehabilitated
Non-rehabilitatable	1,435	300 demolished

## Threats to Existing Affordable Units:

	<u>Need</u> <u>Potential Units Lost</u>	<u>Target</u> <u>Units Saved</u>
Loss of Federal subsidies	942	628
Demolition (including SRO loss)	950	950*
Condominium conversion	300	300
Total	2,192	1,878

## Assisting First Time Homebuyers:

	<u>Need</u>	<u>Target</u>
New homebuyers assisted	Unknown	800

## Special Needs of the Homeless:

	<u>Need</u>	<u>Target</u>
Homeless seeking temporary shelter	300-350	350 beds

## Residual Affordability Gap:

Low income households (LIHH) paying more than 30% for housing

1989 LIHH overpaying for housing	38,559
1989-1994 increase in LIHH allocated by SCAG	+4,868
1989-1994 LIHH to be assisted	-2,650
1994 LIHH overpaying for housing	40,777

\* Units saved from demolition are also included in target for provision of housing to accommodate growth because this need, as allocated by SCAG, includes an estimate of affordable units to be demolished.





## II. INTRODUCTION





## A. STATE HOUSING ELEMENT LAW

Article 10.6, Section 65583, Chapter 3 of Division 1 of Title 7 of the California Government Code outlines the specific content requirements for housing elements. The following material summarizes these requirements.

The housing element shall contain:

1. An identification and analysis of housing needs, including an inventory of resources and constraints relevant to meeting these needs;
2. A statement of goals, policies and quantified objectives to meet these needs over the five year period;
3. Scheduled programs for the preservation, improvement and development of housing;
4. Identification of adequate sites which will be made available to meet the community's housing goals;
5. Adequate provision for the existing and projected needs of all economic segments of the community.

Meeting these five requirements involves:

1. An analysis of population and employment trends;
2. Analysis of household characteristics (including level of payment compared to ability to pay, housing characteristics and conditions, and overcrowding analysis);
3. An analysis of actual and potential government constraints upon the maintenance, improvement, or development of housing for all income levels (including land use controls,

building codes, site improvements, fees and exactions, permit processing, availability of financing, price of land, and the cost of construction);

4. Analysis of special housing needs (including the handicapped, elderly, large families, etc.);
5. Analysis of opportunities for energy conservation;
6. Identification of agencies and officials responsible for the implementation of the various actions;
7. Making a diligent effort (and describing this effort) to achieve public participation by all economic segments of the community.



B. RELATIONSHIP OF THE HOUSING ELEMENT  
TO THE GENERAL PLAN OF LONG BEACH

The Housing Element is an integral and very important component of the City's General Plan. City-wide development policies are stated in the Land Use Element of the plan. Many of those policies relate directly to housing concerns. It is, therefore, appropriate to reproduce here excerpts of the Land Use Element which are relevant to the Housing Element.

Goals for the Year 2000

In 1986, Long Beach completed the most extensive citizen planning effort in its history. More than 150 residents and business leaders worked in seven task forces to outline long-range goals and policies for development of the City of Long Beach through the Year 2000. The product of this major effort, Long Beach 2000: The Strategic Plan, establishes the goals for the 1988 General Plan. The Strategic Plan formulated 15 broad-ranging goals, eight of which are most relevant in guiding the Land Use Element of the General Plan:

- **Managed Growth:** Long Beach accepts the population and economic growth anticipated through the Year 2000, and intends to guide that growth to have an overall beneficial impact upon the City's quality of life.
- **Economic Development:** Long Beach will pursue economic development which focuses upon international trade, while maintaining and expanding its historic economic strengths in aerospace, bio-medicine and tourism.
- **Downtown Revitalization:** Long Beach will build its downtown into a multi-purpose activity center of regional significance, emphasizing a quality physical environment, a pedestrian focus, and a wide variety of activities and architectural styles.

- New Housing Construction: Long Beach encourages the development of 24,000 new housing units through the Year 2000, with emphasis upon filling the gaps which exist or are anticipated in certain sectors of the City's housing market.
- Affordable Housing: Long Beach views its existing housing stock as its greatest resource of affordable housing, and will stimulate and support continued maintenance and reinvestment in that housing stock. It will take advantage of every available State and Federal program to make its housing affordable to its population, but it will not sacrifice long-term quality for short-term affordability in new or rehabilitated housing.
- Neighborhood Emphasis: Long Beach recognizes the strong neighborhood to be the essential building block of a City-wide quality living environment, and will assist and support citizen efforts to maintain and strengthen their neighborhoods.
- Facilities Maintenance: Long Beach will maintain its physical facilities and public rights-of-way at a high level of functional and aesthetic quality, manifesting the pride of the citizens in their City and ensuring that future generations need not bear the burden of deferred maintenance.
- Functional Transportation: Long Beach will maintain or improve the current ability to move people and goods to and from development centers while preserving and protecting residential neighborhoods.

Of all of the goals, the first, "managed growth", most clearly defines the direction and purpose of the 1989 General Plan. Long Beach has historically prospered during periods of economic and population growth. The present growth cycle, however, differs from those of the past, in that there remains little vacant land to develop. Increasingly, growth will require recycling and increased density. The way in which new development is designed and the manner in which the impacts of increased density are mitigated will determine the degree to which the quality of life of our City is preserved and enhanced. Therefore, the goal of accepting increased growth is conditioned by the very important phrase: "...to guide that growth to have an overall beneficial impact upon the City's quality of life."

The Plan provides for continued growth in population and economic activity in accordance with the following forecasts:

	<u>1988</u>	<u>Year 2000</u> <u>Forecast</u>
Population	415,800	450,600
Housing Units	170,130	186,130
Employment	198,600	252,600
Jobs/Housing Ratio	1.17	1.35

These forecasts portend several basic changes in direction for the City. First, the pace of population growth is expected to slow beginning around 1992, after the very rapid increase of the period from about 1978. This means that housing development will also slow and construction energy will be redirected to the retail, employment and tourism sectors. Second, the favorable ratio between jobs and housing which the City now enjoys is expected to be maintained and improved as the economy diversifies even further. Most new employment needs will be located in downtown, at the Port, airport, and on land presently



occupied by heavy, land-extensive industry which will become less economically viable. Finally, it is expected that the retail economy of Long Beach will begin to generate the amount of sales commensurate with the size and economic strength of the community. Growth in this sector is expected to occur primarily in existing shopping/activity centers and along the recycled frontages of some thoroughfares.

The most important issue addressed by the General Plan is how to accommodate the growth forecast for the City while maintaining and improving the overall quality of life. This is no easy task. Population growth can strain existing schools, playgrounds and public services; improperly placed and designed high density housing can disrupt traditional neighborhoods. Increased economic activity means increased traffic, which can ultimately lead to severe traffic congestion and disruption of once comfortable residential areas and local shopping districts. The challenge is to manage growth in such a manner as to take full advantage of its positive attributes while minimizing its problems.

The Plan calls for concentrating construction of new apartments and condominiums in proximity to growing employment centers, and along the major arterial corridors which provide access to employment centers. This yields several positive results as follows:

- o It reduces home-to-work travel. Employees will have the opportunity to drive short distances to work, take a convenient bus, or even walk. The payoff is decreased travel time and frustration, reduced traffic congestion, less energy consumption, and cleaner air.

- o It encourages rebuilding of underutilized and deteriorated structures adjacent to downtown and along many older arterial corridors. Some of the most blighted and unattractive properties in the City are located in these areas. Recycling will promote better living conditions, support economic revitalization, and project a better overall image of our City.
- o It protects stable, traditional neighborhoods from intrusion of higher density housing. Experience has shown that dense apartment structures are incompatible with lower density neighborhoods, in both visual and functional terms. Repeated intrusions can change the character of a neighborhood and affect its quality of life and property values.

The Plan recommends that new playgrounds be built and that parks and schools be expanded in those areas of the City where population growth is expected. Unless development of these facilities keeps pace with the rate of housing construction, existing facilities will be severely strained, and the level of service will decline for everyone. In light of the present financial constraints upon the City and School District, it is likely that new development will be asked to bear some of the burden of cost to construct these needed facilities.

Long Beach is a city of neighborhoods, most of which are attractive, safe, comfortable and convenient places in which to live. Preservation and enhancement of such stable residential neighborhoods is at the heart of the General Plan. In many instances, it is recommended that allowable densities be lowered to insure neighborhood protection and to stimulate reinvestment in well-built, older homes. To some extent this represents a reversal of

the 1978 policy which was to encourage recycling of older areas of the City by permitting higher density development.

Our existing stock of housing is a valuable resource. Recent experience has shown that an increasing number of people appreciate the character, price, yard space and neighborhood amenities that older housing offers, and are willing to invest their time and money to preserve and restore it.

The acknowledged growth pressures on the region are enormous. The present population of 13.6 million in the five-county area is expected to reach 16.4 million by the Year 2000, making greater Los Angeles the only fast-growing large city in North America or Europe. As the area's population increases, it will also become more cosmopolitan, with more than 50 percent of the population composed of Blacks, Asians and Hispanics by the Year 2000; the largest growth is expected among Hispanics. These regional population growth pressures will be felt, of course, in Long Beach.

The City of Long Beach accepts its regional responsibility for some of the projected population growth, particularly since the City is actively pursuing the economic development which can provide employment for an increased population. That growth should not be so great or so rapid, however, as to compromise the City's quality of life, in terms of traffic and parking congestion, overcrowded schools and playgrounds, and inadequate water, sewer and other infrastructure. Moreover, it should not destroy the healthy balance which the City now enjoys between single-family and multi-family living, between rental and owner occupancy, and among differing socio-economic and ethnic groups.



The Land Use Element of the General Plan devotes much of its text and specific recommendations to housing and neighborhoods. The reader will find the Land Use Element referenced repeatedly throughout this Housing Element, including the following sections:

Housing Construction Opportunities on Vacant Sites	p. 66
Housing Construction Opportunities Through Recycling	p. 69
Conversion From Commercial to Residential Uses	p. 73
Increased Density in Activity Centers	p. 80
Rezone Affordable Neighborhoods to Protect Them	p. 79

### C. PREPARATION OF THE HOUSING ELEMENT

This is the fourth edition of the Housing Element of the Long Beach General Plan. The first edition resulted from a State legislative mandate which declared that all general plans must contain a Housing Element, and which set forth the basic guidelines for such an element. A year-long citizen participation process led to the Element's adoption in June of 1975.

In 1980, the City published its Community Development Strategy which was a guide to the targeting of primarily federally-funded programs, most of which related to housing. That same year, the City established a Citizens' Housing Task Force to advise on the preparation of a revised Housing Element, and that revision was subsequently adopted in 1982.

New State legislation, however, required that local governments in the Southern California region adopt Housing Element revisions by July, 1984. The City, thereupon, undertook the preparation of the third revision. That same legislation mandated complete revisions every five years. This fourth revision of the Housing Element responds to that legislative mandate.

The current Element, then, has a fourteen-year historical background of experience in framing objectives and implementing housing programs. Planning and implementing housing goals, however, have not been confined to the programs set forth in the various editions of the Housing Element. Housing conservation and development objectives have also been addressed forcefully by the City's General Plan Land Use Elements of 1978 and 1989, and by the Long Beach 2000; Strategic Plan of 1986, prepared with broad-based citizen participation and now in the process of incremental implementation.

#### D. ORGANIZATION OF THE HOUSING ELEMENT

This document contains all the information and programmatic material required by the State Housing Act. It is organized in a format which increases readability and enhances understanding of the material. This format does not, in all cases, follow the manner in which the Housing Act is formatted. (See Index of Housing Element Requirements in Appendix B for cross-references to Housing Act requirements.)

The BACKGROUND section discusses the demographic, economic, housing and employment history and trends. It also contains an analysis of the achievements of the 1984 Housing Element (a requirement of the Act). Finally, this section reviews the opportunities and constraints associated with housing conservation and production in Long Beach.

The chapter of the Element entitled THE IMPENDING CRISIS reviews the underlying causes for the current housing crisis. It then discusses the current housing needs and the threats to the present housing stock. Finally, future housing need as assigned by the Regional Housing Needs Analysis model, authored by the Southern California Association of Governments, are defined, and all housing needs are summarized.

The final section, THE LONG BEACH HOUSING PROGRAM, sets forth the five-year programs for assistance, conservation, and production, together with the various program options for achieving the housing goals of the City.





### III. BACKGROUND AND TRENDS





## A. DEMOGRAPHIC, EMPLOYMENT AND HOUSING TRENDS

A review of the demographic, economic and public policy issues confronting the City clarifies the origin and nature of priority housing needs in Long Beach. Such a review also elucidates the context within which the City must work to help meet these needs.

### POPULATION

#### Growth

The City of Long Beach has experienced several cycles of significant growth and dramatic change since its founding 100 years ago. For instance, naval operations and the emergence of the aerospace industries in the 1940-60 period provided the stimuli for economic and population growth. The City's population doubled in that period.

Between 1960 and 1970, the City experienced modest growth of 4.2%, from 344,200 residents to 358,600 residents. In the 1970's, the City's population remained virtually stable, growing only 0.7% to 361,300 by 1980. This period of stability was related to the emergence of suburban communities around the City, the relocation of the Navy, the decline in Federal contracts for the aerospace industry and the economic collapse of Downtown.

Rapid growth began in the 1980's and accelerated in the period between 1984 and 1988, hitting a 2.44% annual growth rate. The aerospace industry is booming. The Navy has returned and the Downtown is experiencing a rebirth. Between 1980 and 1988 the population of Long Beach increased from 361,300 to 415,808, an increase of 15%. But, perhaps, what is more significant is that the City of Long Beach grew more in the last four years (1984-88) than it did in the prior 24-year period (1960-84). This rapid rate of growth in the population is expected to continue until about 1992. Thereafter, the growth curve is expected to begin to flatten, with noticeable slowing around the year 2000. SCAG projects a population of 430,000 by 1990, and a population of 438,600 by the mid-1990's.

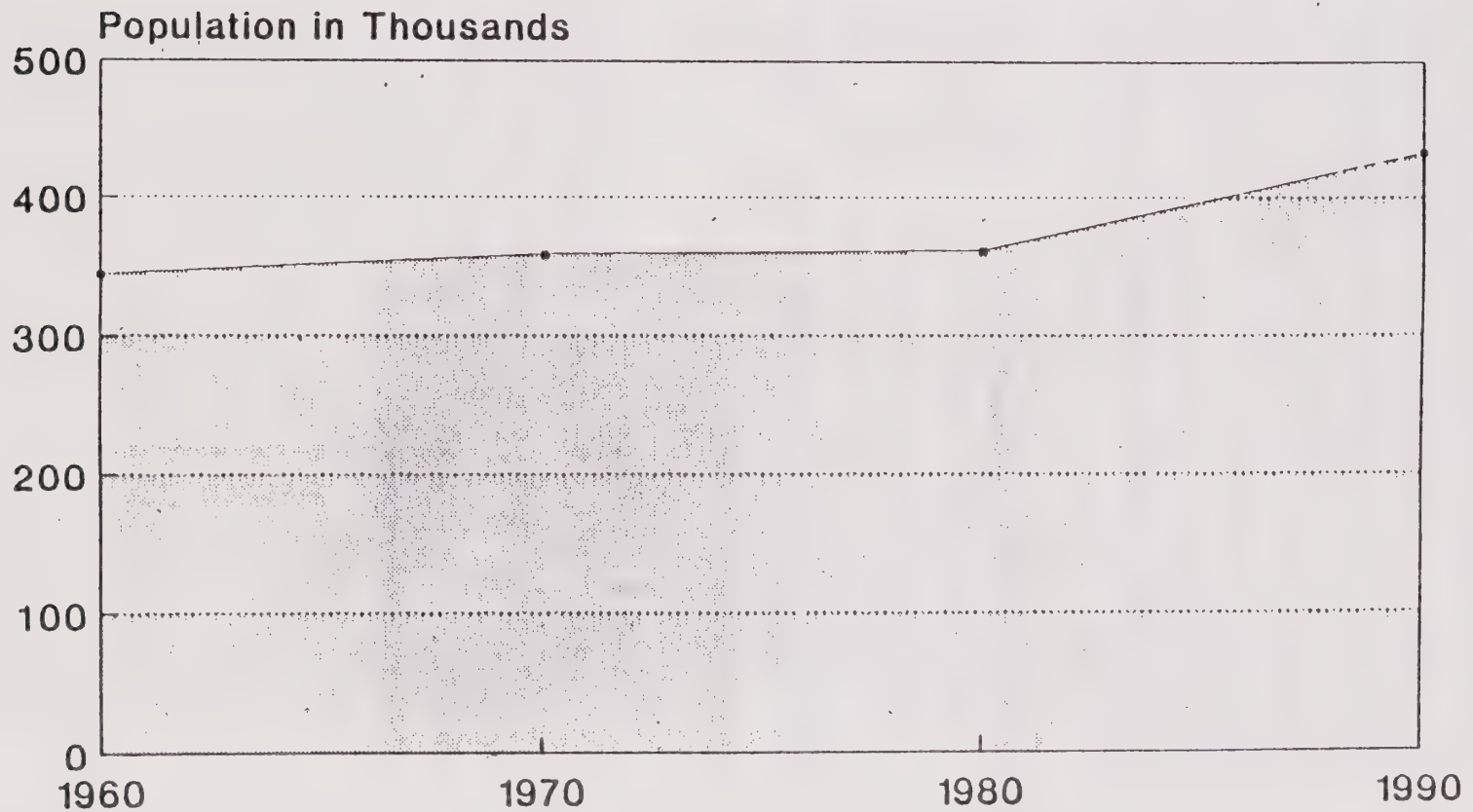
TABLE 1  
CITY OF LONG BEACH  
POPULATION GROWTH, 1960-2000

YEAR	* POPULATION	GROWTH	% GROWTH
1940	164,271	22,239	16%
1950	250,767	86,496	52%
1960	344,168	93,401	37%
1970	358,633	14,465	4%
1980	361,334	2,701	1%
1990	432,731	71,397	20%
2000	450,630	12,030	3%

\* Data from the U.S. Bureau of the Census is used for the ten year cycles. Projections for 1990 and 2000 were prepared by the Department of Planning and Building, Advance Planning Division, based on City, SCAG and DOF projections.

FIGURE A

## City of Long Beach Population Levels 1960-1990



Source: U.S. Census, State Dept. of  
Finance and SCAG Staff estimate (1990)

Projected - - - -



### Ethnic Diversity

The population of Long Beach is growing and changing and the ethnic composition is becoming increasingly diverse. Just as the Southern California region is becoming a poly-cultural society with no single ethnic group representing an absolute majority, so is Long Beach. The City has experienced a surge of migrations from Asia, Central America and Mexico. Although there are indications that such immigration is declining, it is likely that many of the Cambodian, Vietnamese, Samoan, Filipino and Spanish speaking households which have recently migrated here will stay.

The City of Long Beach was composed primarily of white families through the first seven decades of its existence. Since 1970, the non-Hispanic white population has been on a steady decline, the Black population has remained fairly constant, and the Hispanic and Asian populations have increased dramatically. It is estimated in 1989 that non-Hispanic whites constitute 57% of the population, Blacks 9%, Hispanics 24%, and Asians 10%.

The ethnic diversity of the City's future population is best illustrated by Long Beach Unified School District enrollment. In 1975, Hispanic, Black, Asian and other non-white children comprised 29.4% of kindergarten through high school (K-12) enrollment. By 1987, the enrollment of these groups increased to 65% of the total K-12 population.

TABLE 2  
CITY OF LONG BEACH  
SCHOOL ENROLLMENT  
BY ETHNIC BACKGROUND  
(K-12 Plus Special Classes)

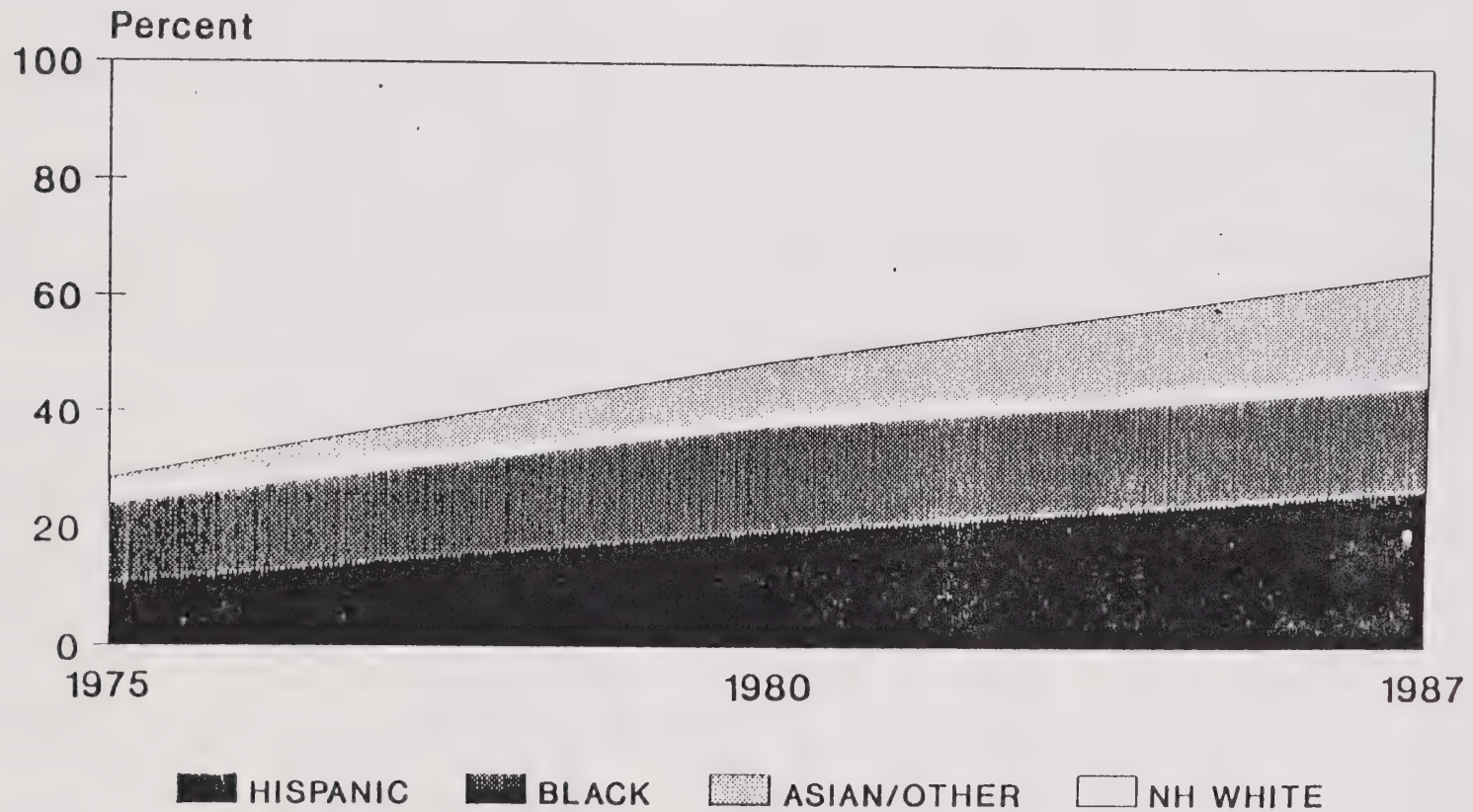
	1975		1980		1987	
	#	%	#	%	#	%
Hispanic	6,462	10.4	11,670	19.5	18,524	26.8
Black	8,447	13.6	10,904	18.2	12,673	18.3
Asian/Other	2,753	4.4	6,838	11.4	13,755	19.9
NH White	44,490	71.6	30,482	50.9	24,168	35.0
Total	62,152	100	59,894	100	69,120	100

Source: Research Dept., Long Beach Unified School District  
(3/88).

The increase in Hispanic, Black and Asian households carries several implications for housing policy. These households are often poorer than white households. They generally have higher birth rates, and are more likely to live in an extended family arrangement. They often come from countries where large households are sheltered in relatively small quarters, and they therefore appear more accepting of a level of occupancy which the U.S. Census would define as severe overcrowding.

FIGURE B

# School Enrollment by Ethnic Group 1975-87



Source: Long Beach Unified School Dist.



### Age Distribution

Birthrate trends, longevity and migration are expected to have important implications on housing demand in the City. These assumptions are based on an analysis of the City's age distribution in 1980 compared with a projection for 1990.

TABLE 3

AGE GROUP PROJECTIONS  
CITY OF LONG BEACH  
1980 AND 1990 POPULATION ESTIMATES

Age	1980	Percent	1990	Percent
0-4	25,549	7.1%	33,737	7.8%
5-9	21,717	6.0%	34,692	8.0%
10-14	21,169	5.9%	26,366	6.1%
15-19	25,731	7.1%	21,918	5.1%
20-24	40,767	11.3%	32,277	7.5%
25-29	37,985	10.5%	35,586	8.2%
30-34	31,692	8.8%	40,080	9.3%
35-44	35,718	9.9%	56,871	13.1%
45-54	32,038	8.9%	38,467	8.9%
55-59	20,015	5.5%	19,530	4.5%
60-64	18,376	5.1%	22,300	5.2%
65-74	28,163	7.8%	39,655	9.2%
75-84	16,825	4.7%	23,597	5.5%
85+	5,589	1.5%	7,634	1.8%
TOTAL	361,334	100.0%	432,710	100.0%

SOURCE: SCAG estimate based on State Department of Finance projection of County population changes, dated 11/86.

Assuming that State Department of Finance projections for migration, death and birth rates by age group for Los Angeles County in the 1980-90 period will be the same for the City of Long Beach except for population growth, which is assumed to occur at the average rate for the 1981-87 six-year period, some age related impacts on housing demand can be analyzed. (See Table 4 following.)

For instance, the high birthrates associated with the "baby boom" years (the 15 years following World War II) and the low birthrates since the late 1960s may cause significant changes in the distribution of the City's and the County's population. By 1990, the "baby boom" generation will bulge the population in the 35-64 age level, while the population born after 1960, with their lower fertility level, will result in a sharp drop in the population expected in the 20-34 year household formation stage. Thus, growth in the adult population will come entirely from migration. This situation may slightly moderate the demand for rentals and "starter" homes.

However, if the relationship of median income to median home prices does not improve--currently the 1988 County median income is estimated by the U.S. Department of Housing and Urban Development to be \$35,500, while the March, 1988, median existing home sold for \$163,800, according to the California Association of Realtors--current homeownership rates for this age group may slip back and the age level at which homeownership is achieved may rise.

The largest numerical increase in the City's population is expected to be in the move-up demand stage, where there is a relatively high percentage of homeowners. This suggests a strong demand for new and larger homes with high end amenities.

The largest percentage and the second highest numerical increase will be in the age group 65 years and older. Because of increases in longevity and lower birthrates, the proportion of elderly persons in the population is expected to increase by 40%. This will probably increase the demand for new housing options, particularly for "frail" elderly 75 years or older. The new group of persons moving into the age bracket over 65 by 1990 will be composed chiefly of persons who spent their adult years in the City of Long Beach. Their lifestyles, their social contacts, and more importantly their housing preferences will be influenced by this experience.

Already, the age of the population in the City of Long Beach tends to be older than it is in the rest of Los Angeles County. For instance, in 1980, the population 55 years and older in the City was 25%, while in the rest of the County it was 19%. By 1990, a net increase of more than 20,000 persons is expected in the 65 years and older category.

Older and smaller and frequently female-headed households may increasingly become owners of aging single-family housing. In the age category of 75 years and older, there were twice as many females as males living in the City in 1980. This age group is expected to increase by 8,817 persons by 1990. Much of this housing will need periodic maintenance and repair. Given the expensive character of this upkeep, much of this work will be deferred. Many older persons will be overhoused; that is, they will have more space inside and outside than they need or than they can keep up. There may also be increased demands for delivered services and transit assistance.

The City is also expected to see significant increases in the school age and pre-school populations. The ethnically diverse backgrounds of the new children and their parents will probably generate some changes in housing market demands throughout the City in the 1990s.



The higher proportions of persons over 65 years of age and under 20 years of age will increase the ratio of "dependent" persons to the working population living in the City. This may indicate an increased demand in the future for health, social services and other forms of public assistance.

TABLE 4

## CITY OF LONG BEACH

## AGE RELATED EFFECTS ON HOUSING DEMAND

<u>CATEGORY</u>	<u>CHARACTERISTICS</u>	<u>AGE LEVEL</u>	<u>1980</u>	<u>% OF POP.</u>	<u>1990</u>	<u>% OF POP.</u>	<u>CHANGE</u>	<u>% CHANGE</u>
PRE-SCHOOL		0-4	25,549	7.1%	33,737	7.8%	8,188	32.0%
ELEMENTARY TO HIGH SCHOOL		5-19	68,617	19.0%	82,977	19.2%	14,360	20.9%
HOUSEHOLD FORMATION STAGE	New households, mostly rent, first-time homebuyers	20-34	110,444	30.6%	107,942	24.9%	-2,502	-2.3%
MOVE-UP DEMAND STAGE	Mostly own, trade-up to larger, more expensive housing	35-64	106,147	29.4%	137,168	31.7%	31,021	29.2%
ELDERLY	Many empty-nesters, retired	65+	50,577	14.0%	70,886	16.4%	20,309	40.2%
TOTAL			361,334	100.0%	432,710	100.0%	71,376	19.8%

Source: SCAG

## Comparison of Population and Household Growth, 1980-88

There has been rapid population growth in the City of Long Beach in the 1980's. In the 1980-84 period, the population grew by 17,536--a 4.9% increase. Between 1984-88 the population increase was 36,930 (9.7%)--about double that of the prior period (see Table 5).

However, household growth did not increase as much as population growth. In the 1980-84 period, the number of households in the City grew by 2,671 (1.8%), while the increase in the 1984-88 period was 9,150 (5.9%).

The differences in these increases reflect changes in the persons per household in the City. They are indicative of a sharp increase in household size in the 1980-84 period, which has moderated somewhat in the 1984-88 period.

Between 1981 and 1988, the average household size in the City increased from 2.31 persons to 2.46 persons. This may reflect a slowing of new household formation, an increase in the birth-rate, perhaps more doubling up, fewer family dissolutions and a lag in construction activity to meet increasing demands for housing.

TABLE 5  
CITY OF LONG BEACH  
COMPARISON OF POPULATION AND HOUSEHOLD INCREASES  
1980 TO 1988

PERIOD	POPULATION INCREASE	HOUSEHOLD INCREASE
1980-84	4.9%	1.8%
1984-88	9.7%	5.9%

Source: State Department of Finance.

Changing migration patterns and an increasing ethnic diversity in the City may also be responsible for some of this increase. Almost three-fourths of Los Angeles County's growth (1987-88) is due to natural increase and about one-fourth due to migration from other areas and countries. Natural increase and migration is heavily influenced by ethnic minorities, who tend to have significantly higher household sizes.

The population changes due to migration and natural increase are appearing in the City's school enrollment figures. For instance, in 1975, there were 59,271 persons enrolled in the Long Beach Unified School District. This figure dropped to 56,145 in 1980 and then rebounded 66,263 in 1987. School authorities report 67,077 students for the fall of 1988 enrollment. The rise in the number of school age children is primarily the result of older homeowners moving out and being replaced by younger newcomers with children.

The City's household size is much smaller than that of the County and the region as a whole. For instance, the 1981 persons per household figure for Los Angeles County was 2.69 and in 1988 it rose to 2.83, while the City figures were 2.31 and 2.46, respectively.

This seems to be due in a large part to the relatively high number of elderly households living in the greater Long Beach area and the relatively high proportion of multi-family dwellings in the City as compared to the rest of the county and the region (one- and two-person households generally occupy multi-family units in Long Beach).



## EMPLOYMENT

### Employment Trends, 1980-87

In 1987 it was estimated that there were approximately 198,500 jobs in the City of Long Beach. About 60% of these jobs are in the service and manufacturing industries (see Table 7). The fastest growing sector of the local economy, in terms of jobs created since 1980, is manufacturing. The single largest employer in the City, the McDonnell Douglas Aircraft Corporation, is engaged in manufacturing.

In the period 1980-87, manufacturing experienced twice as much job growth as the next fastest growing sector, services. Much of this growth was at McDonnell Douglas and other aero-space/defense related industries. Despite the recent rapid growth in manufacturing employment, the service industries comprise the City's largest employment sector. These include business support services, amusements, health care, personal and repair services. Many of these service businesses are small and have one to four employees.

In percentage terms, the fastest growing sector of the economy is government, followed by manufacturing and communications/utilities. Areas of the economy showing some decline since 1980 include transportation, construction, finance, insurance and real estate, and wholesale trade. Overall, the City's job base increased by 22% since 1980 (see Table 6).

An increasing force in the Long Beach economy is related to goods movement through the City's world port. Major downtown revitalization, including the World Trade Center, is in part a manifestation of the City's increasing attractiveness to the specialized services related to goods movement.

The City of Long Beach is second only to the City of Los Angeles in terms of the number of jobs in the Los Angeles basin. It accounts for 3% of all the jobs in the Southern California (five county) region. Long Beach currently enjoys one of the State's lowest unemployment rates at 4.2%.

### Commute Patterns

Almost 30% of the employee home to work trips occur within the City (see Figure E). It is estimated that about 45% of the working Long Beach residents hold a job in the City. Work trips to Long Beach slightly outnumber trips out of the City.

People who work in the City but drive in from other communities live predominantly in the Palos Verdes Peninsula/South Bay area, Central/South Central Los Angeles area and the Norwalk/Whittier/Downey area (see Figures C and D). The great majority of the home to work trips are made by Los Angeles County residents (80%).

Residents commute from Long Beach to the Norwalk/Whittier/Downey area, the Huntington Beach/Westminster/Fountain Valley area and the Palos Verdes Peninsula/South Bay area (see Figure D). While a majority of the City's residents work in Los Angeles County, a significant number of commutes (43%) are made to Orange County locations.

This may be due to the larger supply of lower cost housing available in the Long Beach area relative to Orange County. For instance, the March, 1988, median priced existing homes--not counting condominiums and newly constructed units--was about \$163,800 in Los Angeles County versus \$190,000 in Orange County.

Work trips to the City in 1984 numbered 281,278, while work trips out of the City numbered 269,032. The City attracts 5% more trips than it produces for other places. The County of Los Angeles attracts 8% more trips than it produces. When attractions exceed productions, an area is termed to be an employment center. When the opposite is true, the area is considered to be primarily residential. Using this definition, the City of Long Beach would be characterized as a growing employment center.

#### Balance Between Jobs and Housing

Job growth outpaced housing growth in the 1980-89 period. While the ratio of employees to housing units was about equal in 1980, the trend since then has been to become more job rich. The ratio of employees to jobs was 1.17 in 1988. In this regard, the City is becoming more like the County of Los Angeles.

The County of Los Angeles is very job rich with a ratio of 1.33 employees to housing units. In percentage terms, the City's growth in jobs was four times that of the County's, while housing growth was 20% below the County level for the 1980-87 period.

The region-wide ratio of jobs to housing units in 1987 was about 1.21. If the regional ratio is considered to be ideal, then the City could be characterized as slightly "housing-rich", rather than as an employment center. Part of the problem of properly categorizing the City as job rich or housing rich, is the high concentration of senior citizens that live in the City but do not work. Nevertheless, it appears that the City was at or near the regional balance of jobs and housing units in 1988.

TABLE 6  
EMPLOYMENT GROWTH  
CITY OF LONG BEACH  
1980 - 1987

OCCUPATION	1980	1987	% CHANGE	NET INCREASE (DECREASE)
Agriculture, Mining, Petroleum	2,476	2,520	1.8	44
Construction	6,938	6,160	- 11.2	(778)
Manufacturing	38,712	56,980	47.2	18,268
Transportation	9,030	8,000	- 11.4	(1,030)
Communications, Utilities	4,172	5,700	36.6	1,528
Finance, Insurance, Real Estate	9,266	8,490	- 8.4	(776)
Wholesale Trade	8,590	8,350	- 2.8	(240)
Retail Trade	25,791	28,340	9.9	2,549
Services	51,029	60,570	18.7	9,541
Public Administration	6,803	13,440	97.6	6,637
TOTAL	162,817	198,550	21.9	35,733

Source: SCAG Small Area Economic Data Base.



TABLE 7  
1987 LONG BEACH CITY EMPLOYMENT

<u>INDUSTRY</u>	<u>1987 EMPLOYMENT ESTIMATE</u>	<u>PERCENT</u>
1. MANUFACTURING	56980	29
High Tech*	5310	
Defense Related (Aircraft, Missiles, Space)	34140	
Other Manufacturing	17530	
2. AGRICULTURE, MINING, PETROLEUM	2520	1
3. BASIC TRANSPORTATION	8000	4
Waterborne Transportation	1970	
Trucking	2290	
Railroads	730	
Air Transportation	1460	
Pipelines	1550	
4. CONSTRUCTION	6160	3
5. FINANCE, INSURANCE, REAL ESTATE (FIRE)	8490	4
6. COMMUNICATIONS AND UTILITIES	5700	3
7. RETAIL TRADE	28340	14
8. WHOLESALE TRADE	8350	4
9. SERVICES	60570	31
Tourism	4780	
Professional and Personal	42290	
Business Services	15400	
10. GOVERNMENT	13440	7
LONG BEACH EMPLOYMENT	198550	100

(Source: SCAG Small-Area Economic Database)

(\*High Tech sector includes computers, communication equipment, electronic components, medical instruments, measuring and control devices, and electrical machinery)

FIGURE C

# WORK TRIPS FROM THE GREATER LONG BEACH AREA TO OTHER PLACES

(by Regional Statistical Area)

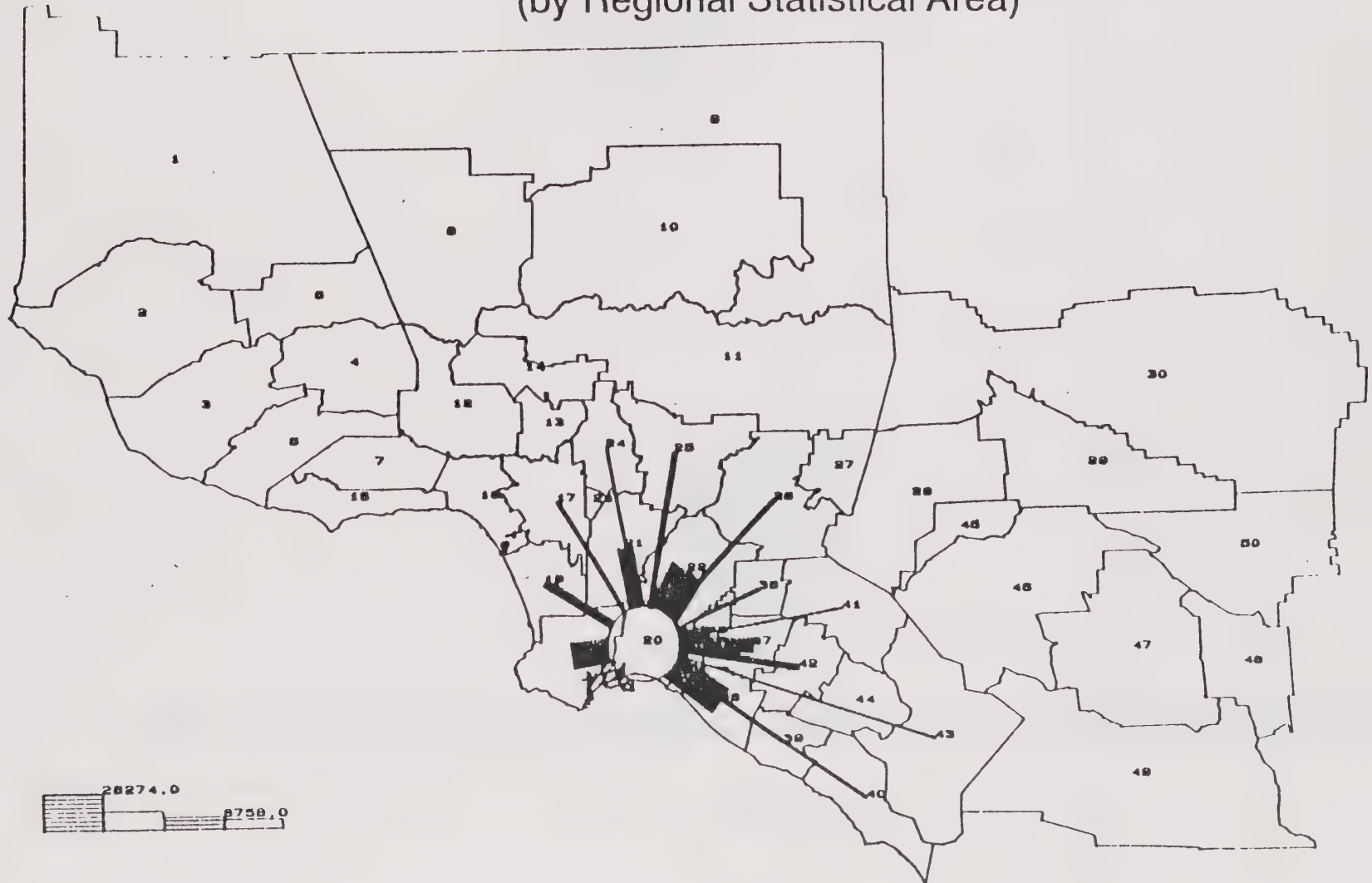


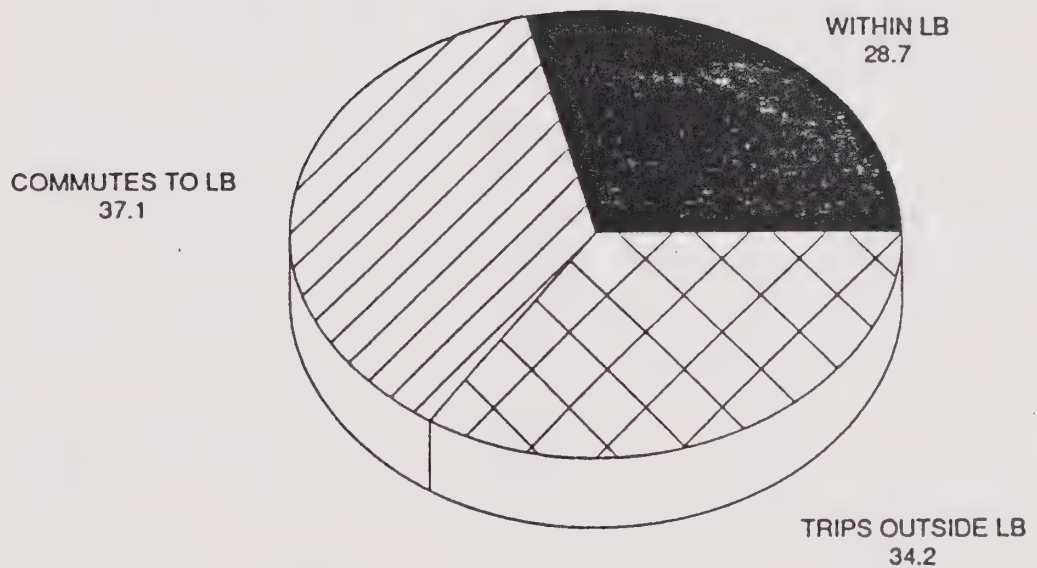
FIGURE D

NON-RESIDENT WORK TRIPS TO THE GREATER LONG BEACH AREA  
(by Regional Statistical Area)



FIGURE E

## Greater Long Beach Area Employee Home to Work Trips (1984)



Trips: 430,000



TABLE 8

## EMPLOYMENT AND PROJECTED CHANGES

OCCUPATION	1980	1987	1980/1987		2000	1987/ 2000	
			% CHANGE	NET INCREASE (DECREASE)		% CHANGE	NET INCREASE (DECREASE)
Agriculture, Mining, and Petroleum	2,476	2,520	1.8	44	2,804	11.3	284
Construction	6,938	6,160	-11.2	(778)	6,574	6.7	414
Manufacturing*	38,712	56,980	47.2	18,268	70,655	24.0	13,675
Transportation	9,030	8,000	-11.4	(1,030)	9,783	22.3	1,783
Communications, Utilities	4,172	5,700	36.6	1,528	7,065	23.9	1,365
Finance, Insurance, and Real Estate	9,266	8,490	-8.4	(776)	13,587	60.0	5,097
Wholesale Trade	8,590	8,350	-2.8	(240)	10,326	23.7	1,976
Retail Trade	25,791	28,340	9.9	2,549	39,132	38.1	10,792
Services	51,029	60,570	18.7	9,541	77,403	27.8	16,833
Public Administration	6,803	13,440	97.6	6,637	15,221	13.3	1,781
TOTALS	162,817	198,550	21.9	35,733	252,550	27.2	54,000

\* Manufacturing includes Research and Development

Sources: 1980/1987, Southern California Association of Governments.  
2000 Projections, Long Beach Department of Planning and Building.

## HOUSING

Statistics cited in the following sections discussing the housing stock are the most recent available.

### Trends in the Age Profile of the Housing Stock 1960-80

The age profile of the City's housing stock has changed significantly each decade since 1960. The percent of newer housing (less than 10 years old) was relatively high in 1960. About 1/4 of the housing stock was newly constructed. It was a time of high population growth for the City.

By 1970, population growth flattened and new construction fell sharply. The proportion of new units made up only 7% of the housing stock. By 1980, new construction picked up as population growth began to surge again.

However, between 1970-80, the proportion of units over 30 years old nearly doubled. This major jump left almost half of the City's housing stock in this category. In contrast, the percentage of housing units 30 years or older was 35% in the remainder of Los Angeles County.

The trend to an older housing profile at the time that population growth is surging may put tremendous pressure on the existing stock for rehabilitation or replacement and recycling.

TABLE 9  
CITY OF LONG BEACH  
AGE OF HOUSING BY DECADE  
1960-1980  
(IN PERCENTAGES)

AGE OF HOUSING IN YEARS	1960	1970	1980
Less than 10	18	7	11
11-20	27	36	17
21-30	45	32	26
31 or more		25	46
TOTAL	100	100	100

Source: U.S. Census

Units in Structures

The character of the housing stock has been changing in the 1980s. For instance, of the 13,883 units added to the housing stock since 1981, over 80% were multi-family structures with five units or more. There has been only a very modest increase in other types of structures.

TABLE 10  
CITY OF LONG BEACH  
UNITS IN STRUCTURES  
(1981 AND 1989)

	<u>1981</u>	<u>1989</u>	<u>Net Change</u>	<u>% Change</u>
Single	77,540	78,588	1,048	1.35%
2 to 4	22,225	23,636	1,401	6.30%
5 or more	58,580	69,966	11,386	19.44%
Mobile Homes	<u>2,158</u>	<u>2,206</u>	<u>48</u>	<u>2.22%</u>
Total	160,503	174,386	13,883	8.65%

Source: State Department of Finance figures (updated for 1989 by using the number of new permits issued by type for the year 1988)

The number of units in single structures grew less than two percent between 1981 and 1989. This dropped the percentage share of this type of housing from 48% in 1981 to 45% in 1989. Although single-family remains the predominate type of housing found in the City, multiple-family housing of five units or more--now comprising 40% of all units--is catching up, and 2-4 unit buildings make up over 13% of the structures.

There has been a tremendous surge of multi-family development in the 1980s. Since percentage of units that are owner-occupied decreases as the number of units in a structure increases, the proportion of renters to homeowners is increasing.

#### Tenure Trends

In 1980 the ownership rate of housing, i.e., owner occupied units, in the United States was 65%, in Southern California it was 53%, in Los Angeles County it was 48%, and in the City of Long Beach it was only 41%.

The proportion of homeowners has been steadily declining in Long Beach. In 1970, 44% of the residential units were owner occupied. In 1989, only 39% of the units are owner occupied.

With the predominate building activity being in multi-family structures, the proportion of owners in Long Beach is likely to decline.

#### The Distribution of Housing

Data for the City of Long Beach, according to the March, 1987, housing survey prepared by the Federal Home Loan Bank in cooperation with the U.S. Postal Service, is provided in Table 10 by housing structure type, neighborhood and zip code area.



This survey revealed that about half of the City's housing stock consists of single-family detached units (a home with a yard), while a slightly smaller, but faster growing stock of multi-family units represents 43% of available housing. Single-family attached housing (townhouses, row houses and duplexes) make up about 8% of all units and mobile homes 1%.

Most of the single-family detached housing is located in the East and North Long Beach areas. Multi-family housing and single-family attached housing are concentrated in the Anaheim Corridor and downtown areas. Mobile homes are mostly located in the north Long Beach area.

#### Vacancy Rates

Vacancy rates approached ideal levels in 1987. For planning purposes, the accepted vacancy level to allow for adequate mobility and housing choice is 2% for single-family housing and 5% for multi-family housing. The City as a whole approached these levels, although there were areas in the City with unduly high or low vacancy levels for specific housing types (see Table 12).

For instance, high vacancy levels existed for single-family detached housing in the downtown area and parts of the Anaheim Corridor. Vacancy rates for single-family attached units in parts of Belmont Heights, Central Long Beach and Bixby Knolls were also relatively high. Multi-family housing vacancy rates were very high in parts of the Anaheim Corridor, and to a lesser extent, in parts of East Long Beach and in the downtown area.

With a currently estimated Citywide vacancy rate of 4.75 percent, a total of 8,283 residential units are assumed to be vacant in the City. No current data are available to

substantiate the numbers of vacant units affordable to various income groups.. However, based on 1980 Census data the following esitmates are offered: 2,000 units available to very low income; 3,000 units available to low income; and 1,500 units available to high income tenants.

**FIGURE F**

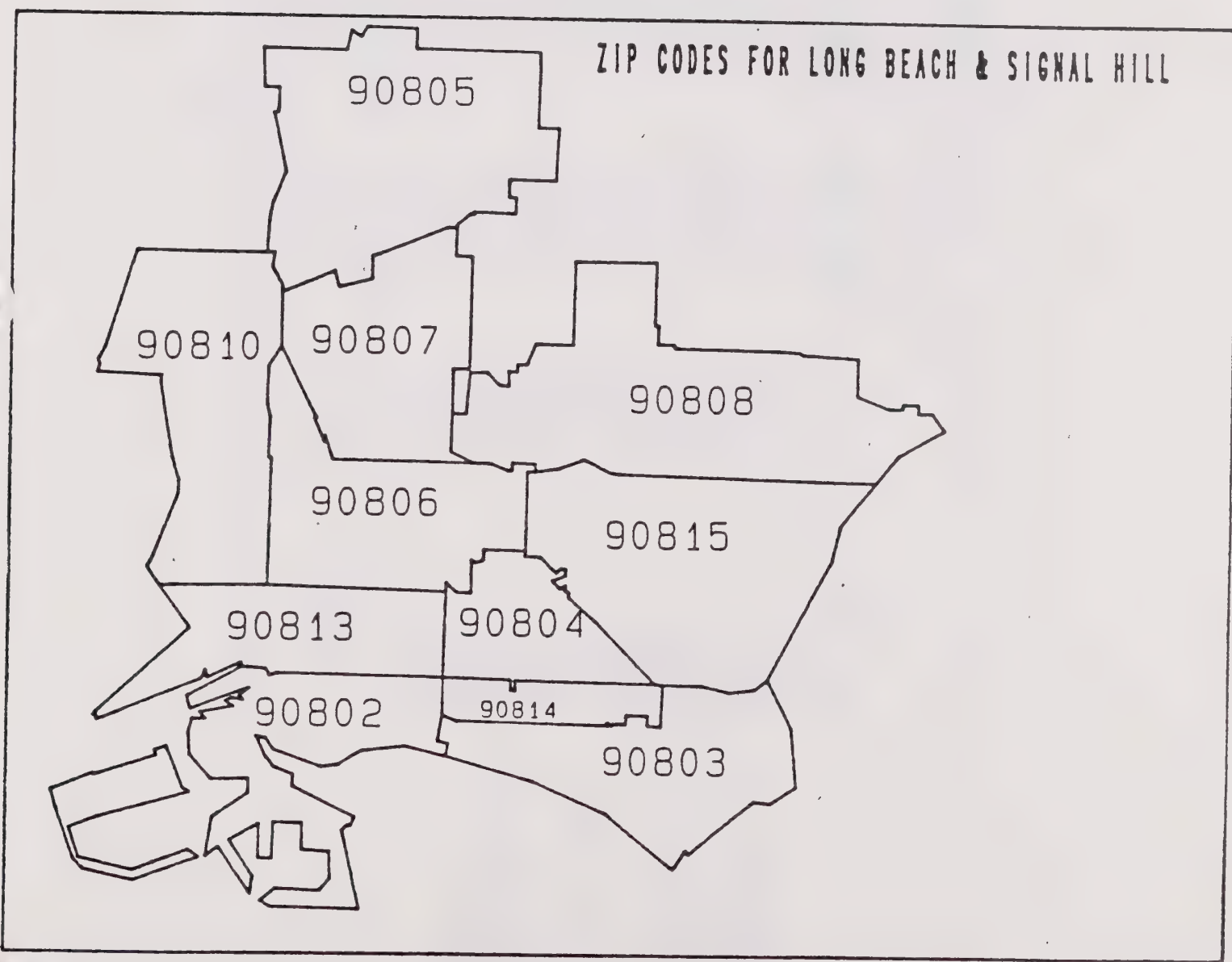


TABLE 11

CITY OF LONG BEACH  
1987 HOUSING STOCK BY ZIP CODE AREA

	ZIP CODE	TOTAL HSG	SINGLE FAM DETACHED	SINGLE FAM ATTACHED	MULTI- FAMILY	MOBILE- HOMES
DOWNTOWN	90802	18,979	1,094	1,776	16,109	0
BELMONT HEIGHTS	90803	17,214	8,206	578	8,308	122
	90814	9,297	3,940	909	4,448	0
ANAHEIM CORRIDOR	90804	14,145	5,166	1,742	7,237	0
	90813	17,136	3,987	1,906	11,243	0
CENTRAL L.B.	90806	15,303	6,626	1,429	7,083	165
WEST L.B.	90810	10,358	6,908	1,412	1,733	305
NORTH L.B.	90805	25,710	14,856	1,594	8,041	1,219
BIXBY KNOLLS	90807	12,640	7,273	514	4,853	0
EAST L.B.	90808	14,550	13,477	313	760	0
	90815	14,941	11,004	776	3,161	0
	TOTAL	170,273	82,537	12,949	72,976	1,811
	PERCENT	100.0%	48.5%	7.6%	42.9%	1.1%

SOURCE: 1987 FEDERAL HOME LOAN BANK HOUSING VACANCY SURVEY

TABLE 12

CITY OF LONG BEACH  
1987 VACANCY RATES BY BUILDING TYPE

	ZIP CODE	ALL HSG	SINGLE FAM DETACHED	SINGLE FAM ATTACHED	MULTI- FAMILY	MOBILE- HOMES
DOWNTOWN	90802	5.5%	4.6%	3.5%	5.7%	0.0%
BELMONT HEIGHTS	90803	2.8%	1.8%	5.4%	3.6%	3.3%
	90814	1.9%	1.9%	1.7%	1.8%	0.0%
ANAHEIM CORRIDOR	90804	7.1%	3.3%	3.9%	10.7%	0.0%
	90813	2.0%	1.3%	2.1%	2.2%	0.0%
CENTRAL L.B.	90806	2.8%	2.5%	4.5%	2.9%	0.0%
WEST L.B.	90810	1.3%	1.3%	1.0%	1.6%	0.3%
NORTH L.B.	90805	2.5%	1.6%	0.5%	4.5%	2.2%
BIXBY KNOLLS	90807	2.7%	1.1%	4.3%	4.9%	0.0%
EAST L.B.	90808	0.6%	0.5%	1.9%	1.2%	0.0%
	90815	1.8%	0.5%	2.2%	6.3%	0.0%
	TOTAL	2.9%	1.5%	2.7%	4.6%	1.8%

SOURCE: 1987 FEDERAL HOME LOAN BANK HOUSING VACANCY SURVEY



### Demolitions

Since Fiscal 1984, 1,618 residential units received permits for demolitions. This is an average of 340 units per year over the last 4.75 years. Eighty-six percent of these structures were single-family detached dwellings, and eight percent were duplexes. This seems to be indicative of a recycling of land from lower to higher density, as most new development in the City is multi-family. (See Table 14.)

In the recent past, demolition activity has been relatively modest in Long Beach compared to the City of Los Angeles or the remainder of the County (see Table 13). Given the high proportion of older units located in the City of Long Beach, this situation is indicative of a relatively high level of reinvestment in the housing stock and a strong demand for available housing. It also suggests a strong commitment to residing in Long Beach and "pride" in owning a residence in one of its neighborhoods.

TABLE 13

#### LEVEL OF DEMOLITION ACTIVITY IN SURROUNDING AREAS, 1984-86

JURISDICTION	1985 HOUSING STOCK	AVE. DEMO. LEVEL (84-86)	% OF UNITS OVER 30 YRS OLD IN 1980	DEMO'S AS % OF HSG STK
Long Beach	163,242	251	46	.15
City of L.A.	1,215,091	2,579	44	.21
Remainder of				
County	1,567,016	3,482	28	.22
Total County	2,945,350	6,312	35	.21

Source: 1980 Census, State DOF and Bureau of Census, Construction Statistics Division

TABLE 14

## RESIDENTIAL DEMOLITIONS IN LONG BEACH

(Number of units is shown at left followed by  
number of buildings shown in parentheses.)

	<u>Fiscal Year</u> <u>1984-85</u>	<u>Fiscal Year</u> <u>1985-86</u>	<u>Fiscal Year</u> <u>1986-87</u>	<u>Fiscal Year</u> <u>1987-88</u>	<u>July 1, 1989</u> <u>to Feb. 28, 1989</u>	<u>Totals</u>
Single-family Dwellings	99 (99)	215 (215)	386 (386)	141 (141)	110 (110)	951 (951)
Duplexes	10 (5)	32 (16)	70 (35)	36 (18)	32 (16)	180 (90)
3-4 Unit Buildings	6 (2)	24 (7)	33 (9)	38 (11)	13 (4)	114 (33)
5 or More Unit Buildings	56 (4)	137 (8)	52 (7)	99 (9)	29 (2)	373 (30)
Totals	<u>171 (110)</u>	<u>408 (246)</u>	<u>541 (437)</u>	<u>314 (179)</u>	<u>184 (132)</u>	<u>1,618 (1,104)</u>

### Construction Trends

The latest construction data is derived from the Federal Home Loan Bank Vacancy Survey. During the 1985-87 period, there was a net addition to the housing stock of 5,341 units. By housing type, two-thirds of the units added were multi-family while the remainder were single-family attached housing. There was a net loss of single-family detached housing and mobile homes (see Table 15).

Neighborhoods were affected in several significant ways by construction activity. In particular, the level and type of housing gained or lost had an effect on the extent to which change was occurring in an area. The changes occurring at the neighborhood level were much greater than that occurring City-wide.

For instance, almost one-half of the net gain in housing was developed in the Anaheim Corridor. The Central and North Long Beach areas each lost a little over 700 single-family detached housing units. This loss in units was more than offset by multi-family development or a combination of multi-family and single-family attached housing development. The Anaheim Corridor was responsible for almost 90% of single-family attached development. The second largest net gain in housing occurred in the downtown area--almost all of it multi-family housing--while losses in single-family attached housing occurred in part of east Long Beach, Bixby Knolls and in part of the Belmont Heights area. The Belmont Heights area (which includes in this analysis by postal zip code areas given in figure F, Naples, SEADIP, Belmont Park, Belmont Shore, the Peninsula and Alamitos Heights), experienced the highest numerical growth in its single-family detached housing stock, but also lost a few multi-family, single-family attached and mobile home units. The West Long Beach area gained a sizable amount of single-family detached housing and mobile home units but lost some multi-family dwellings. East Long Beach gained

single-family detached housing and multi-family housing, but lost some single-family attached housing in the process. Development activity seemed to affect every area, but has largely been in conformance with the 1984 Housing Element areas designated for supplying new housing and protecting the existing housing stock in established neighborhoods.



TABLE 15

CITY OF LONG BEACH  
1985-87 NET CHANGE IN HOUSING STOCK BY ZIPCODE AREA

	ZIP CODE	TOTAL HSG	SINGLE FAM DETACHED	SINGLE FAM ATTACHED	MULTI- FAMILY	MOBILE HOMES	84 HSG ELEMENT DESIGNATION
DOWNTOWN	90802	1,287	-54	266	1,075	0	HIGH INC/ DEN BON
BELMONT HEIGHTS	90803	-20	43	576	-412	-227	NEW HIGH INC
	90814	360	609	-306	57	0	
ANAHEIM CORRIDOR	90804	1,385	-390	949	826	0	DENSITY BONUS
	90813	1,110	411	721	-18	-4	
CENTRAL L.B.	90806	172	-715	262	630	-5	DENSITY BONUS
WEST L.B.	90810	402	408	176	-151	-31	DOWN ZONING
NORTH L.B.	90805	266	-709	-182	924	233	DOWN ZONING
BIXBY KNOLLS	90807	-246	-49	-314	156	-39	DOWN ZONING
EAST L.B.	90808	97	-88	74	111	0	NONE
	90815	528	389	-340	479	0	NONE
TOTAL		5,341	-145	1,882	3,677	-73	
PERCENT		100.0%	-2.7%	35.2%	68.8%	-1.4%	

SOURCE: 1985 AND 1987 FEDERAL HOME LOAN BANK HOUSING VACANCY SURVEY

### Residential Building Permits

There was a surge in residential building permit issuance in 1985 and especially in 1986. This increase in planned construction activity was mainly caused by developer interest in "beating" the changes in parking standards and the implementation of new, more restrictive guidelines for the development of multiple family units in Long Beach. Other contributing factors were the 1986 Federal Tax Reform Act, developer interest in achieving project approvals before the expiration of the Federal Tax Exempt Bond Financing Act, and a rush to develop before the State law allowing a \$1.50 per square foot school district tax on residential development could be placed into effect.

In 1987, there was a sharp decline in building permits issued. Fewer permits were issued in 1987 than were issued in 1986 or 1985. In 1988, permits for residential construction remained at the 1987 level. Over the five-year calendar period from 1984 to 1989, over 2,000 permits, representing 12,342 units, were issued.

### Summary of Recent Trends in Construction Activity and Vacancy Rates

Table 16 summarizes recent trends in construction activity and vacancy rates. Trends in household size are also shown. Contrary to an expected decrease in household size as construction activity and vacancy rates rise, household size in Long Beach has constantly increased during the 1984-1987 period. This is likely the result of the increase in Hispanic and Asian households during the period, with their cultural preference for living in extended family units, and their generally larger family sizes.

TABLE 16  
CITY OF LONG BEACH  
HOUSEHOLD, VACANCY AND BUILDING TRENDS

Year	Households	Units	Building Permits	Persons per Household	Vacancy Rates
1988	163,432	172,913	1,527	2.50	4.5
1987	159,538	167,603	1,510	2.46	2.9
1986	157,323	165,587	6,336	2.44	2.4
1985	155,637	163,242	2,839	2.39	2.0
1984	154,282	162,175	1,443	2.39	2.1

Source: State Department of Finance, Construction Industry  
Research Board, Federal Home Loan Bank

Activity and Vacancy Rates in Surrounding Communities

A number of areas surrounding the City of Long Beach experienced sizable building activity in 1987. Considering the number of units under construction in 1987 as a percentage of the total housing stock, the City of Long Beach's share of building activity was relatively modest. Areas that saw a much higher degree of building activity locally included the City of Paramount and the Wilmington areas, while the Carson, Lakewood, Compton and Seal Beach areas saw very little construction activity.

TABLE 17

BUILDING ACTIVITY AND VACANCY RATES IN THE  
GREATER LONG BEACH AREA

	UNITS UNDER CONSTRUCTION AS A % OF HOUSING STOCK (1987)	VACANCY RATES FOR (1987)
Long Beach	1.2%	2.9%
Wilmington	4.1%	1.8%
San Pedro	1.3%	1.9%
Carson	0.5%	1.4%
Compton	0.1%	1.4%
Paramount	7.1%	2.3%
Bellflower	1.2%	2.2%
Lakewood	0.3%	1.0%
Cypress	1.3%	1.3%
Los Alamitos	1.3%	1.3%
Seal Beach	0.1%	3.4%
L.A. County	1.8%	1.8%
Orange County	2.1%	2.1%

Source: 1987 Federal Home Loan Bank Housing Vacancy Survey



## UPDATING OF PROJECTIONS OF POPULATION AND HOUSING TO 1989

The mandated filing date for this revision of the Housing Element is July 1, 1989, yet there is very little information current to 1989. Most of the data used herein is either from the State Department of Finance and the Southern California Association of Governments (SCAG), current to January 1, 1988, or from the U.S. Census of 1980. In both cases, all data have been revised upward to make them current for the year 1989, generally by using a straight line projecting method.

All data, therefore, are presented as current to 1989. However, it must be recognized that many demographic relationships in Long Beach may have changed since the 1980 Census. The scope of these changes can only be estimated. Some of the estimates may not reflect actual conditions in 1989, and only the 1990 Census can provide a reliable guide for measuring the accuracy of the estimates in this Housing Element.

In order to maintain comparable relationships among the data, a consistent forecasting methodology, based on a reasonable rationale, was used throughout. The results were checked with historic data to assess the likelihood of the estimates.

Forecasts by SCAG in the Regional Housing Needs Assessment model (RHNA), and estimates from the Department of Finance (DOF) are taken as presented by those agencies, even though they may not appear to exactly reflect the Long Beach situation in some cases. Any differences between cited data sources and Long Beach estimates will be pointed out in the following sections.

### Population

The population estimate used in this report for the year 1989 is 424,264. This represents an increase of 8,456 over the 1988 estimate of 415,808 by the State Department of Finance

(DOF). This estimate appears consistent with the DOF estimates for the last four years, as shown on the following Table.

TABLE 18  
Population Estimates by DOF

<u>Year</u>	<u>Population Increase</u>	<u>Total Population</u>
1985 . . . . .	10,489	381,762
1986 . . . . .	14,960	391,251
1987 . . . . .	9,597	406,211
1988 . . . . .	8,451 *	415,808
1989 . . . . .		424,264 *

\* Long Beach Department of Planning and Building estimates based on SCAG and DOF estimates.

#### Households

The total number of households in Long Beach in 1989 estimated by the State Department of Finance is 165,817, with 2.443 persons per household, and an overall vacancy rate of 4.75 percent.

#### Housing Units

The total number of housing units in 1989, estimated by this report, is 174,386. This represents an increase of 1,471 over the 1988 total reported by the DOF, and is equivalent to the number of new housing permits issued.

## B. REVIEW OF THE 1984 HOUSING ELEMENT

### INTRODUCTION

State Government Code Article 10.6 Section 65588(a) requires that in order to facilitate an effective update of a housing element, localities must perform a periodic review and evaluation of the previous element.

The Review and Evaluation section should accomplish three things:

- (1) Review the previous element's goals, objectives, policies, and programs and the results thereof.
- (2) Analyze the difference between what was projected and what was achieved.
- (3) Describe how the updated element incorporates what has been learned from the previous element.

### EFFECTIVENESS OF THE 1984 HOUSING ELEMENT

In 1980, the City Council adopted a Community Development Strategy which included four goals specifically directed to housing. In the 1984 Housing Element, these four goals were expanded and made more specific in the form of the following six goals:

- o To facilitate Federal and State housing assistance for lower income housing
- o To protect the existing stock of affordable housing occupied by low to moderate income households
- o To promote construction of affordable housing units for moderate income households
- o To provide opportunities for development of owner occupied housing for upper income households
- o To eliminate unsafe, unsanitary and deteriorating housing conditions
- o To insure equal opportunity for all households in the housing market

These six goals were proposed to be implemented through 31 programs, for each of which a specific performance objective was established. Table 19 summarizes the housing needs and performance objectives as set forth in the 1984 Housing Element; in addition, a third column is added demonstrating the actual performance of the City in achieving objectives over the period 1984-1989.

The table indicates that the construction of 12,342 housing units in the City over the past five years actually exceeded both the regionally allocated need of 9,522 units and the objective of 9,520 units. The City achieved far more than its projected moderate income housing, but far less than its intended upper income housing. Specifically, it achieved 72% of its very low and low income housing objective, 406% of its moderate income objective, and 57% of its upper income objective.

Within the very low and low income category, the City performed well in all of the programs under its control. Only the Federal cutback in housing funding, resulting in a smaller than anticipated Section 8 commitment, caused the City to miss its target. This occurred despite the fact that the City applied for many more Section 8 certificates and vouchers than were granted.

Although the City performed well in achieving its objectives for specific moderate income housing programs, the explosion in moderate income housing was due primarily to private development spurred on by an unusual combination of low interest rates, pent-up demand, and zoning incentives.

The City performed least well in the upper income category. Weak market conditions, particularly for luxury high-rise housing, was the major cause. Housing developers have evidently been waiting for the creation of a "critical mass" of



commercial and office improvements with a concurrent improvement in the overall downtown environment before investing in what, until recently, was perceived as a risky market area. While many proposals have been processed through the appropriate review procedures, few have actually been constructed. And of course, the City has not deemed subsidizing such housing as an appropriate use for expenditure of limited public funds.

The targets assigned in 1984 by the then Regional Housing Allocation Model (RHAM) in the low and high income ranges were beyond attainment, given the local, State, and national conditions which prevailed. In 1989, the targets assigned by the new Regional Housing Needs Assessment model (RHNA) are 207% higher for very low and low income household, and 119% higher for high income households. The assignment for moderate income households is also 119% higher than in 1984.

As is evidenced by a review of the achievements and shortcomings of the 1984 programs, the most successful programs were those where the City had a direct hand in implementing the program free of market constraints. Less successful results were achieved in areas where funding was cut (by Federal policy making) or where external market conditions foreshadowed the success of a program, (e.g., the prime lending rate, inflation, etc.). Taken as a whole, however, the overall housing production successes were noteworthy.

From these realities, the City has begun to reorient its programmatic thinking to put much more emphasis on local solutions, not necessarily involving Federal or State subsidies. It is clear that the market will meet the need for moderate income rental housing, provided that properly zoned sites with necessary amenities are available. The upper income market appears to be more influenced by economic development and quality of life programs than by housing programs. The emphasis of the City's housing program, therefore, must be

clearly focused on meeting the needs of low income and very low income households. Secondly, assistance should be provided to first-time home buyers of moderate income, so as to provide these families the opportunity to live in Long Beach, and so as to maintain a reasonable balance between owner and renter occupancy.

TABLE 19  
COMPARISON OF OBJECTIVES AND LEVELS ACHIEVED  
(5 Years, Fiscal 1984 - March, 1989)

CONSTRUCTION NEED		OBJECTIVES		ACTUAL
Very Low and Low Income	2356	45 Handicapped Special Housing		84
		500 Rental Rehabs/ Section 8		207
		439 Elderly		436
		361 Carmelitos		361
		1000 Section 8		591
		Certificates*		
		2345		1679
Moderate Income	2388	-500 Rental Rehabs/ Section 8	-	207
		1900 Bonus Units		2841
		30 Mobile Homes on R1/R2		0
		50 Granny Flats		15
		45 Infill		0
		350 Reduced Parking		335
		250 Mixed Use		396
		-1000 Section 8 Certifi- cates	-	591
		-550 Condo Conversions	-	129
		1000 Tax-Exempt Mortgages		516
		1250 Tax-Exempt Rentals		1002
		-- Scattered Private construction **		3754
		-1000 (double counted above)	-	516
		1825		7416
Upper Income	4778	1000 Downtown Redevelopment		201
		500 Ocean Boulevard		106
		800 SEADIP		588
		550 Condo Conversion (from Mod)		129
		1000 Scattered Private Construction		1176
		3850		2200
<u>Imposed Housing Needs</u>				
Navy (Port or out- side City)	(3000)	(3000) constructed by DOD		(500)
Student (inside City)	1500	1500 constructed by CSULB		1047
Housing now occupied by students made available to families	-1500			
<hr/>				
TOTAL NET GROWTH NEED	9522	9520	TOTAL NET ADDED UNITS	12,342

\* The 1984 Housing Element recognized 1,000 Section 8 Certificates as an optimistic upper limit.

\*\* The over-achievement of objectives is a result of scattered private construction of primarily moderate income housing. This scattered private construction was not included in the objectives listed because it was not anticipated when the 1984 Housing Element was drafted.

BUILDING		OBJECTIVE	ACTUAL
CONDITION	NEED		
Severe Overcrowding			
	5816 units	4080 Units to be Remedied	3654*
Rehabilitable Sub-			
standard	6309 units	3600 Code Enforcement rehabs	3086
		1000 Private Rehabs	975**
		<u>450 Rehab Loans</u>	<u>207</u>
		5050 Units to be Rehabilitated	4268
Non-Rehabilitable			
Substandard	2031 units	1390 Demos and Fires	1588
INCOME NEED		EXPECTATION	ACTUAL
<u>Needy Households</u>			
Very low and low		Federal continuation	Federal certificates
income households		of present supply of	and vouchers
in 1983 spending		Section 8 Rental	authorized
more than 30% of		Assistance	
income for housing:			
	36,571	2873 Certificates	3464

\* As described under Analysis of Need in the text, it is assumed that 3/4 of the demolitions and publicly generated rehabilitated units were previously overcrowded  $[(1,577 + 3,293) \frac{3}{4} = 3,654]$

\*\* This number is estimated based on an overall yearly average of 3,900 permits being issued for residential alterations and additions with approximately 10% of these being substantial rehabilitation (costing \$20,000 or more) and 50% of these being substandard dwelling units.



## MAINTENANCE OF LOW INCOME HOUSING IN THE COASTAL ZONE

The State housing law also requires a review of the City's success in maintaining affordable units in its coastal zone. Since 1980 the City has had an ordinance providing for one-for-one replacement of very low, low and moderate income housing units removed by new construction or conversion in the coastal zone. Developers are required to replace affordable housing so removed on-site or on sites within proximity of the coast, by new construction, by rehabilitation of substandard units, by subsidy of existing higher cost units, or by contribution of an in-lieu fee to the Housing Authority which is to be used to produce the units.

Any affordable housing produced through this program must be located within the City of Long Beach south of the following line:

Beginning at the Los Angeles River and Anaheim Street; thence east along Anaheim Street to Pacific Coast Highway; thence southeast along Pacific Coast Highway to Seventh Street; then north along West Campus Drive to the Common boundary between California State University at Long Beach and the Veteran's Administration Hospital on the north side of the Hospital; thence west, north, east and south around the University property line, returning to Seventh Street along East Campus Drive; thence east along Seventh Street to the boundary line between Los Angeles and Orange Counties.

Since the inception of this program in 1980, 262 affordable units have been demolished, 258 have been replaced, and \$300,000 of in-lieu fees remains in the coastal housing trust fund. All of the replacement units have been provided through new construction off-site. Forty-two of the new units were constructed by the developer which demolished the coastal units; the rest were built by other developers utilizing funds collected as in-lieu fees.

### C. OPPORTUNITIES AND CONSTRAINTS

This section first explores both the opportunities for enhancing housing production and then the many and varied constraints on producing more housing.

Opportunities for producing housing are examined through identifying vacant sites currently available, and by identifying potentially recyclable sites. In a built-out community such as Long Beach, the latter present the greatest opportunity for new housing construction.

Next, local governmental constraints on housing production are explored. Zoning and site development standards, fees associated with zoning and building permits, and the time required to process permit applications are studied.

Following this, an analysis of non-governmental constraints on housing production is undertaken. The principal components of this discussion and analysis are the price of land and homes, fluctuating interest rates, and the cost of construction.

Finally, a discussion of local energy conservation measures rounds out this section.

## HOUSING CONSTRUCTION OPPORTUNITIES ON VACANT SITES

In order to determine the amount of undeveloped land available for residential development, Planning staff surveyed the entire City. The survey found that several sites identified in the 1984 Housing Element are now developed and many sites not identified at that time are now considered appropriate for residential development within the foreseeable future. The 18 sites selected for final review have reasonable access to public transportation and elementary schools. Zoning was not considered unalterable in this review and is not, therefore, included in the table.

Thirteen of the sites were selected as primary sites. Primary sites are considered in the long run to be appropriately located for residential purposes and each site is in a state of vacancy or transitional use considered adequate to induce development. The primary sites range from four to 127 acres in size; the total area of the primary sites is 321 acres.

The five secondary sites identified are those that may be ultimately suitable and available for housing but which face intervening restrictions such as current use, neighboring uses, serious zoning restrictions, owner expectations, or anticipated long life of improvements. The total area of the secondary sites is 10 acres.

Primary and secondary sites are illustrated on the accompanying table and map. If the sites are developed to the highest residential potential -- as allowed by the R-4 zone -- approximately 17,830 units could be built. However, many of the sites may not be suitable for multiple residential development because of incompatible environs. While it is impossible to know the exact number of units which will be built on each site, estimates are provided. The estimates are based on the average density of the appropriate land use district or on existing development proposals for the site. The estimated total for all sites is 4,552 units.



TABLE 20: VACANT SITES SUITABLE FOR HOUSING

Primary Sites:	SIZE	GENERAL PLAN DESIGNATION		EXISTING USE	INCOMPATIBLE NEIGHBORHOOD USES	NUMBER OF UNITS	
		1984	1989			Ⓐ Average Density	Ⓑ High Density
1 Brooks College Site 4835 Pacific Coast Hwy	4.9 acres	LUD 3	LUD 7	Fashion College (Vacant)	---	72	265
2 Atlantic Avenue (from PCH to Willow St.)	4 acres	LUD 8	LUD 7	Vacant	Marginal Commerical Uses	40	216
3 P.E. Right-of-Way (Atlantic to Park)	34.7 acres	Varies	Varies	Vacant	---	507	1,874
4 Golden Avenue	10.3 acres	LUD 1	LUD 1	Vacant	Freeways, Soil Contamination	72	556
5 Alamitos Land Co. (west of Redondo Ave.)	24.4 acres	LUD 9L	LUD 7	Vacant	Industry, Oil Extraction	610	1,318
6 Alamitos Land Co. (east of Redondo Ave.)	7.2 acres	LUD 9L	LUD 7	Vacant	---	180	389
7 U.S. Naval Hospital	10.2 acres	LUD 10	LUD 10	Vacant	Gun Range, Frwy., Water Tower	180	551
8 Hudson Park	12 acres	LUD 11	LUD 10	Park	Term. Island Frwy.	230	648
9 SEADIP (north of 2nd at PCH)	127 acres	LUD 8	LUD 7	Vacant and Oil Extraction	Power Generating Plant	750	6,858
10 SEADIP (south of Westminster)	36 acres	LUD 8	LUD 7	Vacant	Power Generating Plant	125	1,944
11 Pike Property	14.5 acres	LUD 6	LUD 7	Vacant	---	1,000	1,000
12 Los Altos Drive-in	31.3 acres	LUD 3	LUD 7	Drive-in Theater	---	563	1,690
13 Virginia Country Club	4 acres	LUD 11	LUD 11	Vacant	---	28	28
Secondary Sites:							
A Gladys Avenue (from Anaheim St. to the P.E. right-of-way)	2.7 acres	LUD 9L	LUD 2	Light Manufacturing	---	39	146
B West of Long Beach Blvd. (Zane St. to 52nd St.)	1.5 acres	LUD 2	LUD 1	Partially Vacant	---	13	13
C PCH at Ximeno	1.5 acres	LUD 8	LUD 7	Vacant	---	81	81
D DeForest Avenue (51st to 52nd St.)	0.9 acres	LUD 1	LUD 1	Vacant	---	6	49
E Water Department Property	3.8 acres	LUD 10	LUD 11	Vacant	Police Academy, Gun Range, Easement	55	205
TOTAL:	331 acres					4,552	17,830

NOTE: Except for sites designated LUD 1 for single family use only, all of the vacant sites listed above are considered appropriate for all types of residences including but not limited to: rental housing, factory-built housing, mobile homes, emergency shelters and transitional housing. However, seniors, handicapped and communal housing, and residential care facilities and convalescent hospitals, require conditional use permits.





Figure G  
VACANT SITES SUITABLE FOR HOUSING

## HOUSING CONSTRUCTION OPPORTUNITIES THROUGH RECYCLING

Long Beach is a nearly fully-developed city with few areas for expansion beyond its corporate boundaries. As the foregoing analysis indicates, there is a limited number of sites of appreciable size available for new housing construction. Experience over the last two decades shows that most new housing has been constructed on sites which could not be catalogued using the type of analysis required by the State Housing Act. Instead, new construction has tended to concentrate in older areas of the City where existing lower density housing and declining retail uses, both generally well beyond their viable economic lives, have been removed and replaced with higher density housing projects. This in-fill process is the only way most new housing projects become a reality in Long Beach.

In the period 1984-1987, 11,955 new units were added. This is about three times the average annual rate for the last 15 years. In some areas of the City, particularly in downtown, this process has been encouraged by the land use and zoning regulations imposed as a result of the 1978 Land Use Element and the 1982 Housing Element revision. Resulting new projects have been a positive influence on the revitalization of the Long Beach housing stock.

In other parts of the City, with the exception of the subsidized projects discussed elsewhere in this report, most of the new units resulted from actions of private enterprise. That process includes site searches, property acquisitions, development of plans, and finally, presentation to the City for approvals and permits. As the City plays no role in and usually has no advance knowledge of the early stages of this process, it is impossible to predict the exact sites where future developments will occur, or what their magnitude will be.

Estimates of possible future construction on infill sites, then, become very difficult for the following reasons:

1) Although densities allowed by current zoning can be calculated for any parcel or group of parcels, such a calculation would produce an upper limit holding capacity which would bear no relationship to the realities of the development process. Neither the General Plan nor the zoning envision complete recycling of any area of the City. Instead, the assumption is that something less than complete recycling will occur, but the actual proportions of in-fill development are left to the marketplace, with certain restrictions imposed on design and development of structures (see GOVERNMENTAL CONSTRAINTS). In several areas of the City where large scale recycling appeared imminent and about to destroy the fabric of neighborhoods, land use and zoning designations were changed, with enthusiastic citizen support, to arrest the possibility that total recycling could become a reality;

2) Land use and zoning designations define maximum densities of housing development. Experience shows that many projects are not constructed at the maximums allowed, while some are submitted for increases in density. There is no methodology for predicting such random occurrences;

3) Current land use and zoning regulations permit bonus units on a sliding scale based on the number of lots acquired and the dimensions of the development parcel. The new land use element (yet to be adopted) will continue this practice to a modified extent. All bonus allowances are, of course, limited to certain areas of the City and to certain zone districts. In attempting to calculate the possible build-out of an area, the City has no way of anticipating what ratio of one lot, two lots, and bonus projects will be proposed by the development community.



Based on the facts enumerated above, it is the City's view that an analysis of the possible future holding capacity for residential units based on land use and zoning designations is highly speculative, and would be irrelevant because it would not represent the realities of the development process.

A more rational approach is to determine whether there is sufficient capacity in the City, under the land use and zoning regulations, together with the assumed capacity of the vacant sites discussed above, to accommodate the housing growth needs derived from the Regional Housing Needs Assessment model.

Anticipated future housing unit growth assigned by RHNA, plus "gap" units (see Table 29, page 105), total 13,417. These will accommodate expected household growth, desired vacancies, and demolitions. The AVAILABLE SITES test, then, is whether the City has sufficient capacity for construction of at least an additional 13,417 housing units.

#### ESTIMATED FUTURE UNIT CAPACITY

The preceding discussion emphasizes the difficulties inherent in identifying future development sites in a city where almost all new housing construction occurs on infill sites. Yet some estimate is necessary to determine whether Long Beach can fulfill its responsibilities under the Housing Act mandate. The method for preparing this estimate is based on the population and housing growth forecast prepared by the Department of Planning and Building in 1985. This forecast has proven to be fairly reliable for the last four years, but will require updating after the results of the 1990 Census are available. Further, it will be revised to reflect the land use policy changes recommended by the 1989 Land Use Element.



An additional basis for the future housing unit estimate is the pattern of development the last decade, as well as judgements relative to the likely pace and location of construction.

Since most new infill housing construction will be directed to the downtown area and some of the major streets of the City, these are the areas which will be emphasized in this analysis. Obviously, there are other areas of Long Beach which will receive new residential projects in the future, but these areas are not included in this analysis.

Considerable residential recycling in the downtown is expected to occur over the next twenty years as the employment, retail, and tourism sectors of the economy expand. Another reason for probable large scale recycling is that nearly all of the housing stock in downtown is very old. Most buildings were erected between 1900 and 1930, and may reflect a lifestyle no longer attractive to future residents of downtown. Absentee ownership, poor maintenance, and overcrowding compound the less than desirable living conditions in some buildings. The assumption of the population/housing forecast alluded to above is that the very large scale growth 1985-2000 will slow considerably by the year 2010, the end year of the forecast. Therefore, anticipated housing growth through 2010 is interpreted here to be the reasonably expectable build-out in the downtown area for the next 21 years. As some growth and change will continue after that date, the numbers represented here are not to be construed as "holding capacity" or upper limits of growth.

In the downtown area south of Anaheim Street between Alamitos Avenue and the Los Angeles River, the total construction expected by the year 2010 is 8,040 dwelling units. Of these, 7,040 are expected to occupy recycled sites, and 1,000 are expected to occupy several vacant sites south of Ocean Boulevard at Cedar Avenue. These 1,000 are counted in the Vacant Sites section of this analysis.

Higher density housing development outside of the downtown area is directed to certain arterial corridors by the new Land Use Element. (See Figure G on page 76.) Many of these arterial streets are now fronted with declining retail uses. There are several reasons for the proposal to direct new residential construction to these streets. First, neighborhood preservation goals are served by disallowing higher density housing within stable neighborhoods. Second, housing growth potential is preserved by redirecting high density housing to certain streets where it can replace declining commercial uses which are now improperly diffusing retail markets and interfering with the traffic carrying functions of the streets. And finally, retail energy is redirected to the activity centers of the City where stores can flourish in a proper environment.

This interrelated set of objectives sustains the concept of converting some streets to residential uses first offered by the 1978 Land Use Element, and strengthens it by broadening it to some streets which formerly were not designated for housing. This results, then, in a net gain over the arterial policy enunciated in the 1978 Plan. One example is Long Beach Boulevard. The 1978 Plan viewed this as an auto-oriented, "big ticket" retail street, and it was zoned for highway commercial uses. The policies of the 1989 Plan are to convert many of the now-deteriorating retail uses to high density housing. It is estimated by the Department of Planning and Building that there are roughly 46 acres of readily recyclable land on both sides of Long Beach Boulevard between 14th Street and Willow Street which are suitable for higher density housing uses. Using an average of 62 dwelling units per acre (no bonuses included), this strip could accommodate approximately 2,852 new units. It is likely that parts of this area will be rezoned for residential uses at a maximum density even higher than 64 units per acre. Although this analysis represents a possible future holding capacity, it is included here despite the caveat above,

owing to the declining state of the existing uses along the Boulevard, the coming of the Light Rail Transit project, and high potential for general recycling.

Additional new units on other major streets included in the policy of redirection stated above are estimated here. This estimate is confined to the area south of Willow Street (see map) owing to the fact that most new housing is expected to be developed in that area. However, since considerable new housing growth will continue to occur outside that area, this is by no means all-inclusive of the anticipated growth potential of the entire City. This estimate also excludes lower density housing growth (except that on vacant sites), such as single-family homes, second units on the rear of lots, duplexes, triplexes, and fourplexes. These will continue to occur within stable neighborhoods where permitted by the zoning regulations, but not on the major thoroughfares.

The total estimate for major streets cited in the Land Use Element is for approximately 10,854 new dwelling units.

TABLE 21

Summary of Vacant/Recyclable Sites  
Based on Population Forecast, 1989-2010

Existing large vacant sites . . . . .	4,552 units
Downtown Area . . . . .	7,040 units
Major Streets . . . . .	10,854 units
Long Beach Boulevard . . . . .	<u>2,852 units</u>
Total New Units Possible Thru 2010 . . . . .	25,298 units

If the higher density assumptions on the large vacant sites are used instead of the lower densities believed more appropriate to each of the sites, then the Table would produce the following future housing unit counts.



Existing Large Vacant Sites	17,830
Downtown Area	7,040
Major Streets	10,854
Long Beach Boulevard	<u>2,852</u>
Total New Units Probable	38,576

It should be reemphasized here that these estimates represent an anticipated future rate of growth, and that the future capacities provided by the Land Use Element and zoning regulations allow for at least this magnitude of growth. Although the year 2010 is cited in the foregoing text, this date applies only to the forecast rate of growth, not to the capacity of the regulations to accommodate the expected growth.

It is clear from Table 21 that there is certainly sufficient capacity within Long Beach to accommodate the 13,417 new units projected by RHNA.

All of the potential infill sites available for new housing construction are fully served by streets, utilities, and other public services and facilities, although some sewer facilities are nearing capacity and will have to be enlarged. Some rezonings will have to be instituted for the major streets to permit the higher density housing opportunities described herein.



FIGURE H



RESIDENTIAL GROWTH  
AS IDENTIFIED IN THE LAND USE ELEMENT  
OF THE GENERAL PLAN

## GOVERNMENTAL CONSTRAINTS ON HOUSING PRODUCTION

Of the many factors contributing to the high cost of new housing units, one frequently mentioned is governmental regulation of the development process. This section explores these constraints in Long Beach. The following aspects are discussed in detail:

- o Zoning and Site Development Standards as constraints;
- o Fees associated with zoning and building permits;
- o The time required to process permit applications.

### General Plan, Zoning and Site Development Standards

Every California city regulates development through zoning, as required by State law, and through the use of site and design standards. These latter controls vary widely depending upon the attitudes of communities and the evolution of each as a city.

In its one hundred year history as a city, Long Beach has undergone a number of changes of attitude. From its inception in 1889 through the mid-1930's, Long Beach's attitudes toward development were influenced greatly by its position as one of the preeminent beachfront resorts in California. During this period, the City grew very rapidly. This growth was reflected in fairly dense multi-family building development over the half of the City nearest the coast, with the exception of the far east side, which became a bulwark of the low density single-family and duplex lifestyle. One result was that Long Beach became, and remains today, one of the most densely developed cities in the State.

The next stage of development was characterized by large annexations of land on which were erected single-family tract homes; the post war boom had come to Long Beach. These areas remain today as a valuable part of the "affordable" housing stock of the City.

This stage was followed by almost two decades of inaction on the development front. The City was by-passed by large economic forces which were beginning to restructure the region. Housing and commercial development were virtually at a standstill in Long Beach while development boomed in outlying suburbs.

In the mid-1970's, development pressures again began to impact Long Beach. The General Plan of 1978, wishing to optimize opportunities presented by these pressures, created incentives for residential development. Housing producers, recognizing the opportunities, soon began to create new residential developments, usually of a large scale having many living units per building.

The 1978 Plan was followed by the 1982 Housing Element. It recommended relaxation of certain design and development standards for residential construction, in order to encourage creation of greater numbers of affordable housing units. The recommended changes were adopted. The success which resulted far exceeded the City's hopes, and a very large number of units were erected between 1984 and 1987. During that period, 11,955 units were added to the City's housing stock.

This success was not without its negative side, however. Many new higher density buildings were constructed in lower density neighborhoods. In most cases, these new buildings had very negative effects on the neighborhoods in which they were built. These effects included over-taxing of schools and playgrounds, excessive traffic generation, bulk/height/design disparities with the existing structures, and social concerns raised by the introduction of large numbers of new households on sites formerly occupied by only one or two households.

The residents of the impacted areas clearly perceived these new buildings to be a threat to the integrity of the neighborhoods,



even to their very existence if the new projects were to continue to be developed unchecked.

The City Council, therefore, adopted design and development standards in late 1987 which had the effect of reducing densities on one and two lot projects, but which created more livable units which now conform to the building mass and ambiance of the neighborhoods in which they are to be located.

The products of this change in attitude toward certain developments are reflected in the new Land Use Element (1989). While the projected increases in population and housing remain the same as in the 1978 Land Use Element, much new housing development will be directed away from the low density neighborhoods and toward activity centers, including downtown, and along certain designated major corridors. Long Beach, then, is still actively encouraging housing growth, but is re-directing that growth to areas of the City where it will benefit new residents the most and impact the existing low-density neighborhoods the least.

In general, the new Land Use Element proposes to control high density multi-family housing projects more rigorously on one and two lot parcels, while still providing the basic density and some of the incentives offered by the 1978 Land Use Element. The upper limit on the primary incentive for large projects has not been changed. However, some of the higher incentives previously permitted in certain areas of the City have either been reduced, or redirected to the new "urban high density" and "high rise" land use districts. The overall effect of these changes is that the same number of new units as allowed by the 1978 Plan will be encouraged by this Plan, but in different areas for the most part. Estimates for total new population and housing units have not been changed.



Upon adoption of the revised Land Use Element (1989) and this Housing Element, some of the zoning district descriptions will be revised to conform to the standards set forth in the Land Use Element, and new districts written to implement new development concepts in the Plan. Upon the completion of these steps, rezonings will be undertaken to assure that the zoning map and land use plans are mutually consistent. Overall, it is expected that the total amount of land zoned for residential purposes will increase over the amount currently available for housing in early 1989. This is because considerable commercial zoning along major streets will be changed to residential zones to implement the City's policy toward managing the relationships between fronting land uses and the transportation functions of major thoroughfares. Residential land uses recommended for most of the major streets (where changes are planned) are higher density multi-family, such as townhouses, garden apartments, dense apartments/condos, and high-rise residential.

Strip retail/commercial uses along parts of some major corridors will eventually be re-directed to the major activity centers of the City without replacing land now zoned for residential purposes.

Areas of Long Beach now zoned for various industrial purposes will remain in those uses. The integrity of developed industrial areas is considered important to preserve in order to maintain the desired job/housing balance in Long Beach.

One of the more difficult problems of recent years has been to find solutions to the growing need for more schools and parks in Long Beach without clearing land of dwelling units. The City and the Unified School District have worked cooperatively for two years on this problem, and while all difficulties have not yet been resolved, current plans call for some new school

and playground sites, but also for better and more intensive utilization of existing sites.

The Land Use Element and zoning regulations adequately accommodate projected growth. The increased emphasis on quality living environments for all residents leads to higher standards which could result in somewhat higher unit costs.

The GENERALIZED CONCEPT PLAN on page 82 illustrates the basic future development directions for the City, as expressed in the 1989 Land Use Element.

The new development standards for multi-family housing are on one-lot and two-lot projects, but are not a constraint on the City's overall ability to meet the needs assigned by RHNA.

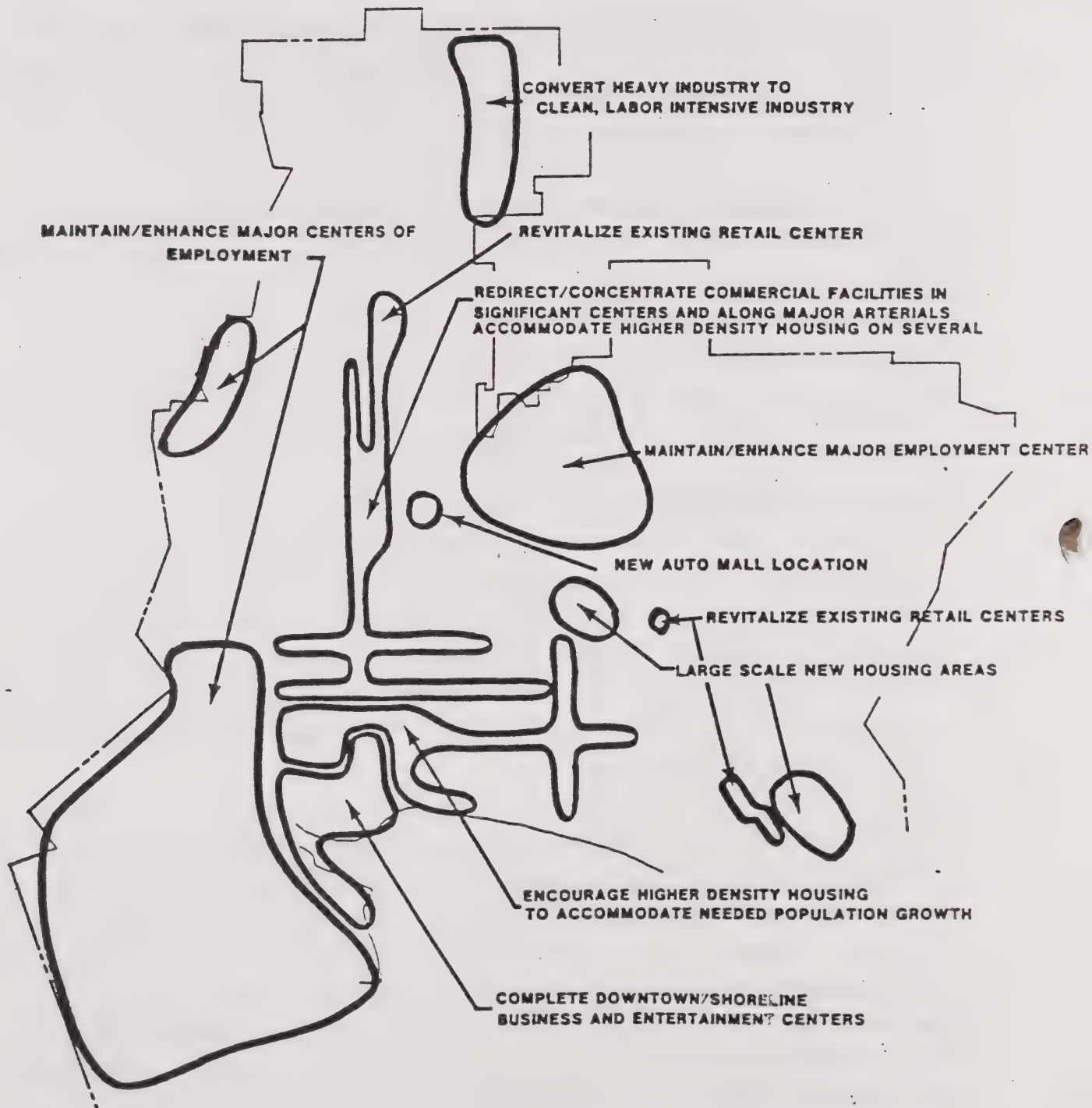
#### Site Improvement Fees

Prior to the issuance of occupancy permits for any new development, property owners must make improvements, where necessary, to abutting public rights of way. Construction or repair of curbs, gutters, sidewalks, roadways and alleys, as well as installation of street trees and occasionally relocation of lighting standards and power poles, can be required of developers.

A typical single family home on a 50 foot long public right-of-way would pay in the neighborhood of \$1,500 for curb, gutter and sidewalk improvements and the installation of two street trees. Typical site improvement costs for a 25-unit multiple family project with 150 feet of alley widening required, with standard curb, gutter and sidewalk reconstruction, the relocation of one power pole, and with four street trees added to the parkway, would cost about \$12,000 or \$480 per unit for these site improvements.

FIGURE 1

## GENERALIZED CONCEPT PLAN



ALL OTHER AREAS...MAINTAIN EXISTING DENSITIES. PRESERVE AND ENHANCE NEIGHBORHOOD QUALITIES.

Source:  
Long Beach Land Use Element  
1989



Naturally, the degree of site improvements which are necessary varies widely from project to project. Section 21.47.030 of the Zoning Ordinance identifies all site improvement requirements of the City.

#### Building and Zoning Permit Fees

Building and zoning permit fees do unquestionably add to the cost of construction. But as long as these practices are viewed as necessary by citizens, city councils, insurance companies, title companies, and safety experts, they will likely continue. Rising fees are a direct result of the passage of Proposition 13. Cities can no longer afford to "carry" part of the cost of all project fees as was done in the past, simply by charging it off to the general purpose property tax fund. That fund is totally depleted each year, principally by fire and police services. Building and zoning fees represent, as accurately as possible, the actual cost of the services performed in plan checking, field investigations, hearings, etc. The current high level of productivity in Long Beach is maintained by small staffs working to full capacity. According to a survey in 1988, permit fees in Long Beach are generally in line with other cities that do not subsidize their permit operations. (See Table No. 22.) Other development fees are exacted by most cities, including Long Beach, as a means of funding schools, parks, and other infrastructure needed to support new development. Table No. 23 presents a comparison of fees for 20 California cities.



TABLE 22

PROCESSING FEES FOR 1,500 SQUARE FOOT,  
\$100,000 SINGLE-FAMILY RESIDENCE

<u>Los Angeles County</u>	<u>Planning</u>	<u>Building</u>	<u>Total</u>
Cerritos	100	984	1,084
Lakewood	--	984	984
LONG BEACH	444	1,256	1,700
Paramount	100	752	852
Pasadena	1,722	2,983	4,705
Pomona	1,800	1,248	3,048
Santa Monica	1,930	1,205	3,135
Torrance	583	1,080	1,663
 <u>Orange County</u>			
Anaheim	1,265	1,020	2,285
Costa Mesa	275	1,232	1,507
Fullerton	950	1,032	1,982
Garden Grove	900	1,093	3,975
Huntington Beach	30	1,076	1,106
Newport Beach	1,870	1,178	3,048
Santa Ana	2,100	790	5,938
Seal Beach	1,000	1,066	2,066
 <u>Bay Area</u>			
Fremont	140	980	1,120
Oakland	95	1,503	1,598
San Francisco	205	1,359	1,564
San Jose	284	723	1,007
 Average - All Cities	 831	 1,177	 2,218

TABLE 23  
Development Fees for 1,500 Square Foot, \$100,000 Single-Family Residence

	D E V E L O P M E N T   F E E S							P R O C E S S I N G   F E E S		Total Fees
	Roads	Schools	Parks	Water	Sewer	Flood Cont.	Other	Planning	Building	
<u>LOS ANGELES COUNTY</u>										
Cerritos	--	2,250	100	300	360	123	225	100	984	4,442
Lakewood	--	2,250	330	600	800	--	--	--	984	4,964
LONG BEACH	--	2,250	2,680**	900	775	--	--	444	1,256	8,305
Paramount	--	2,250	750	320	n.a.	--	--	100	752	4,172+
Pasadena	--	2,250	675	800	750	--	1,875	1,722	2,983	11,055
Pomona	75	2,250	184	14	60	--	--	1,800	1,248	5,631
Santa Monica	--	2,250	--	695	1,312	--	--	1,930	1,205	7,392
Torrance	--	2,250	550	--	188	100	--	583	1,080	4,751
<u>ORANGE COUNTY</u>										
Anaheim	999	2,250	2,706	764	1,000	984	582	1,265	1,020	11,570
Costa Mesa	1,730	2,250	1,206	--	--	200	1,500	275	1,232	8,393
Fullerton	--	2,250	1,300	3	1,000	--	583	950	1,032	7,118
Garden Grove	--	2,250	650	--	175	20	220	900	1,093	5,308
Huntington Beach	--	2,250	2,395	60	1,500	1,800	895	30	1,076	10,006
Newport Beach	2,475	2,295	6,894	180	1,500	--	563	1,870	1,178	16,955
Santa Ana	2,360	2,250	2,040	--	--	705	--	2,100	790	10,245
Seal Beach	--	2,250	327	1,464	350	--	2,898	1,000	1,066	9,355
<u>Bay Area</u>										
Fremont	1,934	2,250	1,800	-----	5,255-----		1,692	140	980	14,051
Oakland	--	2,250	--	-----	1,075-----			95	1,503	4,923
San Francisco	--	2,250	--	-----	1,200-----			205	1,359	5,014
San Jose	22	2,250	2,300	-----	1,160-----			284	723	6,739

\*\* Park fee for multi-family unit is \$2,070, and for a mobile home, \$1,522. Units for low income are exempt.

The average of total fees for these twenty sample cities is \$8,019. Long Beach fees at \$8,305, are slightly higher than this average. It should be noted, however, that housing affordable to low and very low income households is excluded from the City's park fees, reducing the total fees for such units to \$5,625. It should also be noted that many cities in the survey reported that they are planning expansion of their fee system, and increasing fees for certain infrastructure and other public facility needs.

#### Processing Time

The time required for the processing of permits of all kinds can be a serious matter, adding many thousands of dollars, in some instances, of interest charges to projects. The City has reduced most of these delays, and is continuing to improve performance. Some Policies and Programs of this document are directed toward achieving even better results in this area.

Processing times for zoning actions related to residential projects, from receipt of application to Planning Commission hearing, average four to five weeks for all projects except those requiring an extraordinary review, such as a full environmental impact report. Long Beach excels among larger cities in terms of brevity of processing time for project proposals needing zoning actions. Applicants report great satisfaction with the short turn-around times in this City.

TABLE 24  
ZONING PROJECTS PROCESSING TIME

<u>Type of Zoning Application</u>	<u>Time from Date Filed to Hearing</u>
Private Ordinance Amendment Establishing New Planned Development District	18 weeks
Rezoning	9 to 11 weeks
Conditional Use Permits commission Site Plan Review Vesting Site Plan Review Tentative Subdivision Maps	5 to 7 weeks
Standards Variance Administrative Use Permits Lot Line Adjustments Lot Mergers Local Coastal Development Permits	3 to 5 weeks
Staff Site Plan Review	3 weeks

Table No. 25 is a record of target (budget) and actual processing times for engineering plan check of residential developments during fiscal year 87/88. The processing time is shown on the table as "Backlog". This is the time between submittal of plans at the counter and review of the plans by the plan checker. Since the Department has no control over how long the applicant takes to make corrections, no records are kept of the time frame from first submittal of plans to receipt of building permit.



TABLE 25  
BUILDING PLAN CHECK PROCESSING TIME

BUILDING PLAN CHECK:	<u>Budget</u>		<u>Actual</u>	
	<u>No.</u>	<u>Backlog</u> (Days)	<u>No.</u>	<u>Backlog</u> (Days)
o Residential				
a. <u>New</u>				
Over \$2 M	5	28	7	18.6
\$300,000 to \$2M	45	20	29	13.2
Less than \$300,000	<u>200</u>	<u>15</u>	<u>348</u>	<u>9.6</u>
Subtotal	250	16.5	384	9.7
b. <u>Additions/Alterations</u>				
\$30,000 or more	200	10	301	8.1
Less than \$30,000	<u>300</u>	<u>5</u>	<u>294</u>	<u>2.2</u>
Subtotal	500	7.0	595	5.2

These actual records show an extraordinary performance in the rapid processing of building plans. Two vital components of this success are:

1. The institution of a computer tracking system for all projects;
2. The employment of plan check consultants who are called upon when the tracking system shows a project to be falling behind the time line objectives.

Further strides in prompt processing may be realized with the institution of the Consolidated Permit Center, scheduled to open in October, 1989. This center will be staffed by members of all City Departments which normally review building plans, so that plan review can be coordinated and expedited.

## NON-GOVERNMENTAL CONSTRAINTS ON HOUSING PRODUCTION

In addition to constraints applied by governmental actions, there are also constraints on housing production which are not within the control of local government to change. The principal of these are:

- o The price of land and homes (market demand/speculation);
- o Interest rates
- o Cost of construction.

These are discussed in the following sections.

### Price of Land and Homes

Long Beach and other coastal cities in California, which have finite boundaries with little room for expansion, have been subjected to real estate speculation over the last decade. This has two immediate effects: 1) It forces up the sales prices of homes and of rents each time a property changes hands; 2) It prevents many properties from timely recycling to needed residential developments, as owners hold out for even higher prices. Long Beach has no ability, within its police powers, to regulate this speculative rise in prices, any more than it can control construction costs or interest rates.

The City recently completed a study of land costs in connection with a review of future park needs. Only those parts of the City considered to be "park poor" were included. Some of those areas coincide with high growth areas indicated in the new general plan. These are areas 4, 5, 6, and 7.

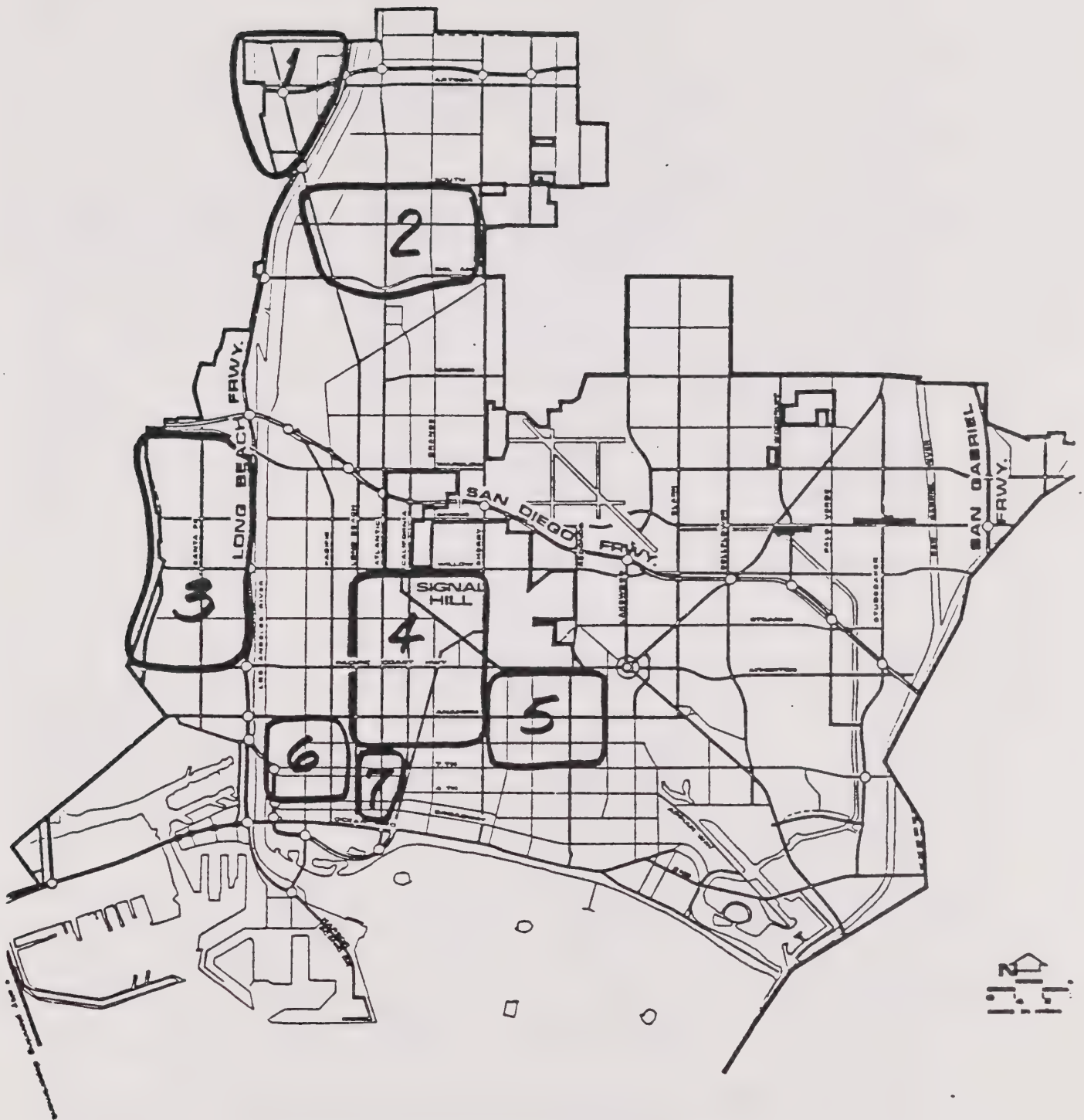
The square foot costs shown on the map include the estimated costs for relocation of existing residents, if buildings were demolished and replaced by others (the typical new development process in Long Beach). For a typical 5,000 square foot lot, the cost of land, building removal, and tenant relocation (if

needed) would total \$114,800 in Area #1, the lowest land cost area in the example. When added to the average construction cost of a single-family home (see following section COST OF CONSTRUCTION), the total cost of a typical new single-family home in Long Beach would be \$229,186.

This figure is not comparable to the average sales prices listed below, as that compilation includes sales prices of new and existing homes. New homes will tend to sell for more because of the increasing costs of land and construction.

The January, 1989, report on housing affordability compiled by the California Association of Realtors is summarized in Table 26.

FIGURE J



<u>AREA</u>	<u>ESTIMATED COST PER SQUARE FOOT</u>
1	\$22.96
2	24.68
3	27.55
4	32.71
5	49.36
6	58.54
7	65.08



TABLE 26

## 1988 HOUSING AFFORDABILITY INDEX

	<u>Median Home Sales Price</u>	<u>Monthly Housing Payment</u>	<u>Minimum Qualifying Annual Income</u>	<u>Percent Households Qualifying</u>
California	\$165,602	\$1,286	\$51,444	26%
United States	\$ 89,100	\$ 692	\$27,679	48%
Los Angeles	\$180,081	\$1,399	\$55,942	20%
San Fran. Bay	\$206,463	\$1,603	\$64,137	13%
San Diego	\$147,788	\$1,148	\$45,910	26%
Orange County	\$211,402	\$1,642	\$65,672	20%
Sacramento	\$ 94,379	\$ 733	\$29,319	50%
Riverside/ San Bernardino	\$106,706	\$ 829	\$33,148	43%

## 1987 HOUSING AFFORDABILITY INDEX

	<u>Median Home Sales Price</u>	<u>Monthly Housing Payment</u>	<u>Minimum Qualifying Annual Income</u>	<u>Percent Households Qualifying</u>
California	\$139,821	\$1,085	\$43,403	32%
United States	\$ 85,600	\$ 664	\$26,572	49%
Los Angeles	\$147,667	\$1,146	\$45,838	27%
San Fran. Bay	\$171,315	\$1,329	\$53,179	18%
San Diego	\$129,160	\$1,002	\$40,093	31%
Orange County	\$169,277	\$1,314	\$52,546	29%
Sacramento	\$ 87,456	\$ 679	\$27,148	52%
Riverside/ San Bernardino	\$ 96,149	\$ 746	\$29,846	47%

The magnitude of the annual changes in home prices, especially in metropolitan areas such as Los Angeles County, are truly staggering, as indicated above.

TABLE 27  
REGIONAL PRICE AND ACTIVITY \*

	<u>1987 Median Price</u>	<u>1988 Median Price</u>	<u>Percent Change in Price</u>	<u>Percent Change in Sales Activity 1988 v. 1987</u>
Los Angeles	\$147,667	\$180,081	22.0%	13.7%
San Fran. Bay	\$171,315	\$206,463	20.5%	4.8%
San Diego	\$129,160	\$147,788	14.4%	20.1%
Orange County	\$169,277	\$211,402	24.9%	7.9%
Central Valley	\$ 82,151	\$ 86,945	5.8%	5.5%
Sacramento	\$ 87,456	\$ 94,379	7.9%	6.9%
High Desert	n.a.	n.a.	n.a.	n.a.
Palm Springs/ Lower Desert**	\$ 95,714	\$ 97,952	2.3%	26.0%
Monterey	\$161,787	\$185,658	14.8%	11.4%
Northern Wine Co.	\$118,107	\$131,299	11.2%	14.4%
Northern Calif.	\$ 66,862	\$ 73,110	9.3%	4.5%
Riverside/ San Bernardino	\$ 96,149	\$106,706	11.0%	31.9%
Ventura	\$159,047	\$204,286	28.4%	9.5%
Santa Barbara	\$149,084	\$204,984	37.5%	9.2%

\* Based on closed escrow sales of single-family, detached homes only (no condos). Reported changes in sales activity may overstate actual changes because of the small size of individual regional samples. Movements in sales prices should not be interpreted as measuring changes in the cost of a standard home. Prices are influenced by changes in cost and changes in the characteristics and size of homes actually sold.

\*\* Due to the small size of the sample in these area, price and activity changes may be overemphasized.

Several statistics from the foregoing Tables are of significance to this Housing Element. First, the minimum qualifying income for a median price home rose \$10,000 between 1987 and 1988. This rise had the effect of reducing the percentage of qualifying households from 27% to 20%. That means that only one in five households could qualify, in 1988, for the median price home in Los Angeles County.

### Interest Rates

Fluctuations in the Prime Rate have a marked influence on housing production. During the period of lower interest rates (1983-1988) construction boomed in Long Beach. In 1989, the Prime Rate is once again beginning to climb in response to the Federal Bank Board's concern about inflation possibilities. This will discourage some residential plans from going forward. Those which are financed under the new rates will need to charge buyers/renters more to offset the higher interest charges. Higher interest rates also increase the monthly mortgage payments of new homebuyers, further increasing the gap between housing cost and ability to pay.

### Building Construction Costs

Building valuation data published by the authors of Building Standards indicate that the costs per square foot of housing construction have risen steadily over the past five years.

For example, apartment houses in California, utilizing Type V wood frame construction, cost approximately \$44.60 per square foot for "good" construction and \$37.00 for "average" construction in 1984. By 1988, these costs had risen over 28 percent for good construction to \$57.30 per square foot, and over 22 percent for average construction to \$45.30 per square foot. For single-family dwellings of Type V wood frame construction, the cost per square foot rose 19 percent for good construction and 16 percent for average construction over the same five years.

The records of new construction permits for 1988 issued by the Long Beach Department of Planning and Building were searched to arrive at average residential construction costs. The "valuation" of the permit is the estimated construction cost provided by the applicant, usually an architect or builder, at the time of issuance of the permit, and corrected by staff based on construction cost indexes. The results of the search are shown below.

	<u>Total Units</u>	<u>Aver. Cost/Unit</u>
Single-family homes	399	\$ 114,386
Multi-family units	1,596	62,883

#### ENERGY CONSERVATION

In recent times, the need for energy conservation has confronted all of us. Natural gas provides almost half of California's non-transportation energy needs. In Southern California, ninety-five percent of the energy for space and water heating, and over three-fourths for cooking, comes from natural gas. Less than ten percent of this gas is produced in California. The known supply of natural gas went down in the last decade although it now appears to be increasing again, and the price is expected to increase rapidly with phased removal of current price controls.

Given the uncertainty of energy costs and trends due to political considerations, both foreign and domestic, and the net effect of the removal of price controls, the City of Long Beach has built many energy conservation measures into its rules and regulations governing the building industry. The result is not only greater conservation of scarce energy resources, but also reduced monthly housing costs for heating and cooling.



A more direct energy conservation measure is set forth in the Zoning Ordinance. Manipulation of the building orientation and placement on the lot by taking advantage of the zero side yard or the double zero side yard can save energy in many ways.

Double zero side yard requirements allow buildings to utilize common walls. This saves in building material costs and in the cost of utilities towards heating and cooling of living space. The zero side yard provision would allow a developer to build to one side lot line, but requires a larger than normal side yard on the opposite side. This provision would allow more flexibility in designing a structure with a passive solar energy system. This would be especially effective if an existing structure were casting a shadow on portions of the developable lot that were critical in the use of solar design.

In addition, all mandatory Title 24 requirements for new residential buildings and additions thereto are strictly enforced in the City. These requirements mandate that ceilings and walls must be insulated, doors and windows weatherstripped, joints caulked and sealed, fireplaces must have flue dampers, air conditioning and heating units must be sized to the unit, water heaters must be blanketed, low flow shower heads and faucets must be used, lighting must be appropriately wattted, gas cooking appliances must have intermittent ignition devices, and swimming pools must be plumbed to allow for solar heating and pool covers if they are heated.

#### IV. THE IMPENDING CRISIS



## A. UNDERLYING CAUSES

This section explores the underlying causes of the housing crisis which now exists in Southern California. These causes relate to rapidly rising prices for land and construction, speculation, increasing interest rates and changes in national housing policies.



## MARKET FACTORS CONTRIBUTING TO THE HOUSING CRISIS

As previously discussed in the section on Non-Governmental Constraints on the housing supply, the price of land and the price of housing have skyrocketed in recent years in Southern California.

Situated as Long Beach is, in the heart of a booming Pacific Rim economic development area with finite City boundaries and no room to expand, this area has been subjected to real estate price escalation over the last decade. Effects of this speculation are that it forces up the sales prices of homes and of rents each time a property changes hands, and it prevents properties from timely recycling to needed residential developments, as owners hold out for higher prices.

The costs of land, construction and money have left only one in five households able to afford the median price home in Los Angeles County. The median price of a home in the County rose 22% in one year's time (from 1987 to 1988). In fiscal year 1988, the U.S. Department of Housing and Urban Development (HUD) estimated the Los Angeles-Long Beach area median income for a family of four to be \$35,500. In January of 1988, the California Association of Realtors estimated the median home sales price in Los Angeles County was \$180,181, requiring monthly payments of \$1,399. This yields an annual payment for housing of nearly \$17,000, nearly half of the gross yearly income for a family earning the County median.

It is evident that incomes have not kept pace with the price of housing. The age at which home ownership is achieved has risen in ten years time from an average age of 26 years old to 31.5 years old. Indeed, the affordability of housing is a major concern for a large portion of Southern California residents.

## FEDERAL HOUSING POLICY

A variety of public policy issues at the Federal level affect housing needs in Long Beach and the City's ability to help meet that need. These are briefly reviewed below.

### Cuts in Federal Housing Programs

For decades the Federal government built up a wide ranging commitment to low income renters and moderate income first time homebuyers through a variety of housing assistance programs. Beginning in 1981, the Federal commitment to affordable housing seriously eroded with deep cuts in these programs. Hardest hit were those programs providing assistance to the production and rehabilitation of low income rental housing. Briefly stated, Federal budget authority for assisted housing programs totaled \$26 billion in 1981. That figure plummeted nearly 65% to \$10 billion in 1988. Adjusting for inflation, the real loss of Federal assistance for affordable housing amounts to an 80% cut in overall budget authority. Through 1988, the national administration continued to propose deeper cuts in housing assistance programs, with Congress holding the line at the \$10 billion level. Even so, relatively recent housing assistance programs (Housing Development Action Grants, for example) have been eliminated after only a few years in existence. The Community Development Block Grant Program has also experienced recent and deep cuts. Other programs, most notably the Section 8 New Construction and Substantial Rehabilitation Program, have been eliminated entirely.

Prospects for a return of the Federal government to meaningful support for affordable housing, particularly in the area of low income rental housing, seem particularly dim. Certainly, the City of Long Beach cannot count on any substantial increase in Federal funds in the next five years. The size of the Federal budget deficit, combined with a partisan split between the White House and Congress, are likely to keep spending for

affordable housing at current levels at best. It is likely that pressures to continue cuts in Federal housing support will increase in this environment.

#### The 1986 Tax Reform Act

The 1986 Tax Reform Act dramatically changed tax policy as it affects reinvestment in affordable housing. Sharp limits were placed on the issuance of tax-exempt mortgage revenue bonds and multi-family housing bonds. A state volume cap was instituted, with housing bonds (both single-family and multi-family) competing with all other concerns for tax-exempt financing: airports, waste disposal, industrial development and others. Furthermore, the 1988 Technical Corrections Act to the 1986 Tax Reform Act keeps in question the sunset of tax-exempt single-family mortgage revenue bonds. The Congress and Administration will need to address this question in 1989.

Additionally, tighter targeting requirements of the 1986 Tax Reform Act were imposed on tax-exempt multi-family housing bonds. Either 20% of a project's units must be affordable to families at 50% of median income, adjusted for family size, for a minimum term of 15 years, or 40% of that project's units must be affordable at 60% of the area median income. The relatively shallow subsidy provided by tax-exempt interest rates is not by itself adequate to enable rental projects to meet these requirements. Additional federal, state or local subsidies are required.

The 1986 Tax Reform Act did create an important and valuable tool for the production of low income rental housing, the Low Income Housing Tax Credit. The Tax Credit provides a valuable incentive for investors, particularly corporations, to make equity investments in low income housing.



## B. HOUSING SUPPLY NEEDS

This Section will discuss the physical structures necessary to meet the present and anticipated needs of the City's resident population. Present housing supply availability by type and condition is discussed, and anticipated future supply and conditions are explored.

This document makes a distinction of "need" based on the supply and quality of physical structures available, and the "need" based on the income of residents. Housing supply and affordability are treated as two separate issues.

Housing "need", on the supply side, is defined in this document as the circumstance wherein there are insufficient units available relative to demand, and/or units available are unsafe or unhealthful in condition. Situations where persons are safely and adequately housed, but pay more than 30% of their income for house payments or rents, are addressed separately in the following section on Housing Affordability Needs.



## CURRENT HOUSING SUPPLY

### Current Supply Versus Current Demand

There are currently 174,386 housing units in the City of Long Beach. The configuration of these units is as follows:

Single-Family	45%
2-4 Unit Buildings	14%
5 Units or More	40%
Mobile Homes	1%

As indicated in Section III of this report, the bulk of the City's housing stock was built before 1970 (72%); almost a quarter of the units were built before 1939.

The most current information on vacancy rates from the Federal Home Loan Bank Housing Vacancy Survey (1987) lists Long Beach as having a 2.3% vacancy rate for single-family homes and a 4.6% vacancy rate for multi-family structures. This is nearly an ideal rate to allow sufficient mobility for households to move around to follow employment opportunities. (According to SCAG, the ideal vacancy rate for single-family units is 2% and for multiple-family units is 5%.)

Therefore, it can be concluded that, in terms of absolute number of housing units only, the current supply of housing is adequate to meet the current effective demand.

### Housing Condition

Although the 1980 Census contained information on the age of housing, it did not contain information on housing stock condition. As a consequence, absolutely authoritative data on the present condition of the housing stock in Long Beach is not available.

Estimates made for the 1984 Housing Element placed only one percent of the housing units in the City in a category of deteriorated beyond repair; another four percent were considered in need of major rehabilitation.

The most current estimates of housing condition are found in the City's current Housing Assistance Plan (HAP), as shown in Table 28.

TABLE 28

Condition of the Housing Stock

	Substandard Units Suitable for Rehabilitation			Substandard Units Not Suitable for Rehabilitation			Total Units Sub- Std.
	<u>Occupied</u>	<u>Vacant</u>	<u>Total</u>	<u>Occupied</u>	<u>Vacant</u>	<u>Total</u>	
Owner Units	2,540	29	2,569	34	8	42	2,611
Renter Units	<u>2,346</u>	<u>138</u>	<u>2,484</u>	<u>1,346</u>	<u>47</u>	<u>1,393</u>	<u>3,877</u>
Totals	4,886	167	5,053	1,380	55	1,435	6,488

Source: Housing Assistance Plan, City of Long Beach, October, 1988 through September, 1991.

These figures indicate that for each three units rehabilitated over the past five years, approximately two other units fell into disrepair (Between 1984 and 1989 the number of units which are substandard but suitable for rehabilitation was reduced by about 1,000; during this same period, the City accomplished rehabilitation of approximately 3,000 units through its code enforcement efforts.)

## NEED FOR HOUSING TO ACCOMMODATE GROWTH

The City of Long Beach is required by State law to accept in its Housing Element population growth projections prepared by the Southern California Association of Governments (SCAG). The increase in population, expressed in terms of new households, is allocated to each local jurisdiction in the SCAG region through the Regional Housing Needs Assessment (RHNA) model. The City's own population projections, which accurately anticipated the rapid growth over the last decade, point to a gradual slowing of population growth through the Year 2000. On this basis, the SCAG growth projection for Long Beach over the next five years is slightly higher than that indicated by the City's independent projections.

The five-year population projections by SCAG use population as of January 1, 1988, as their base. They must be updated by 18 months, therefore, to provide the forecasts required by the Housing Element for 1989-1994. The manner in which updating is to occur is mandated by the State Department of Housing and Community Development (HCD). It is referred to as the "Gap", as it states the additional number of units to be added to the RHNA assignments for the gap period January 1, 1988, to June 30, 1989. Localities are directed to reduce the Gap assignment by the actual number of units constructed during this period. The remaining units (Gap minus construction) are to be pro-rated among the four income classes in the same ratios as exist in the original RHNA assignments. In the case of Long Beach, the Gap number assigned, 3,325 units, is very high. We believe the high number of Gap units assigned resulted from an assumption by SCAG that the rate of building of the mid-1980's in Long Beach would continue in 1988 and 1989. Population, however, is increasing at a decreasing rate, as predicted by the S-shape growth curve prepared by the Department of Planning and Building. Building records for 1988 and estimates for the first half of 1989 indicate that actual construction during the

Gap period will be only about 2,291 units. The difference, 1,034 units, is pro-rated among the four income groups in Table 29, as required by HCD.

TABLE 29  
Five Year Future Housing Need

	<u>Assigned by RHNA</u>	<u>GAP Need</u>	<u>Total Need</u>
Very Low Income	1,754	147	1,901
Low Income	2,738	229	2,967
Moderate Income	<u>2,629</u> 4,492	219	2,848
High Income	<u>5,262</u>	<u>439</u>	<u>5,701</u>
	7,891		
Totals	12,382	1,034	13,417

The 13,417 housing units needed includes units necessary to maintain an acceptable vacancy rate and units needed to compensate for expected demolitions. These figures, as assigned by RHNA for 1989-1994, are 1,646 units for the vacancy adjustment and 1,257 units for the demolition adjustment.

The figures in Table 30 indicate the substantial increase in assignments to Long Beach of housing units to accommodate growth between the last Housing Element and the current Element. As noted earlier, this increase in need is inconsistent with the City's own growth projections.

TABLE 30  
Comparison of Housing Unit Assignments  
to the City of Long Beach

	<u>1984-89</u>	<u>1989-94</u>	<u>% Increase</u>
Very Low and Low Income	2,356	4,868	207%
Moderate Income	2,388	2,848	119%
High Income	<u>4,778</u>	<u>5,701</u>	<u>119%</u>
Totals	9,522	13,417	141%



## OTHER COMPONENTS OF HOUSING SUPPLY NEEDS

In addition to serving the normal community demand for housing, the City of Long Beach has additional housing supply side burdens placed upon it because of United States Naval personnel stationed here and because of the large State University operating on the east side of the City. Both the Navy and the University's housing needs are included in the RHNA assignment. Because of the generally low incomes of Navy enlisted personnel and of students, it can be assumed that they are included in significant numbers among the low income households who are paying more than 30% of their income for housing.

Although the City cannot assume the responsibility of overseeing either Federal or State agencies to ensure they are proactive in addressing their housing needs, the City can help such projects proceed through City permitting processes as quickly and as smoothly as possible. Long Beach encourages both the Navy and the University to confront their housing needs and to advise the City of any reasonable means by which it can be of assistance to them in reaching their housing goals.

### Navy Housing

In 1989 it is estimated that approximately 35 ships and 16,000 sailors are home-ported at the U.S. Naval Station in Long Beach (the exact numbers of ships and personnel are classified data and therefore not available for inclusion in this Housing Element).

Since the return to Long Beach from other ports of a significant number of ships, the U.S. Navy has recognized the very large shortfall in suitable housing for personnel and families. In recent years, 300 units were constructed in nearby Harbor City, and 200 in Seal Beach. The Navy estimates that at least 1,000 additional housing units are needed. There is no way to determine how much of this demand is currently being met by private housing in Long Beach. It can be assumed that the

Navy's current plans to construct 450 additional units in the City is reflective of a current demand of at least 450 Navy households living in Long Beach.

#### University Housing

California State University Long Beach currently provides 1,915 housing units for a total enrollment of about 30,000 students. Although a large number of these students commute daily from outside of Long Beach or from their parent's homes in Long Beach, many also live independently in lower cost housing units in the City. The University is not currently able to estimate this number.

These student households put pressure on the existing affordable housing stock, and they are included among the low income households in the RHNA assignment. When they move into new dormitory housing on campus, they will free up housing units for other low income households. For purposes of this Housing Element, it is assumed that every four new dormitory beds provided by the University will free up one affordable private housing unit.

### C. HOUSING AFFORDABILITY NEEDS

This section will outline the major problem of housing affordability. Affordability problems occur when a household (especially a lower income family, a senior citizen or a first time homebuyer) finds that it must pay more than 30% of its income for shelter. The difference between the cost of owning or renting an appropriately sized unit and 30% of a household's income is defined as the "affordability gap".

## COMPONENTS OF AFFORDABILITY

### Housing Prices

Both housing values and rents have skyrocketed since 1970. In 1970, the median priced home in Long Beach cost \$22,200. By 1980, that figure had nearly quadrupled to \$82,100. By 1987, that figure had increased another 47% to \$142,900. The total percent increase of the median priced home in Long Beach from 1970 to 1987 was 644%. Median home prices continued to rise in 1988 at an alarmingly high rate, as much as 10-20% per year.

Median rents have increased almost as rapidly as home prices. Median gross rent in Long Beach in 1970 was \$114 per month. By 1980, the figure had more than doubled to \$263, and by 1987, median gross rents had more than doubled again to \$605. Gross rents increased from 1978 to 1987 by 530%.

Sharp escalation of home and rent prices is in large part due to sharp rises in land values. The net effect of this escalation is to increase the per unit development (and subsidy) costs of affordable housing. The escalation in land values is accompanied by the dwindling availability of buildable residential sites which are consistent with moderate to high density development opportunities.

See NON-GOVERNMENTAL CONSTRAINTS for further discussion of housing prices and land values.

### Family Income

While housing costs increased explosively over the last seventeen years, family incomes lagged far behind. Long Beach median income in 1970 was \$9,311. That increased only 65% by 1980 to \$15,394. Family income more than doubled between 1980 and 1987, with the median income figure standing at \$33,200 in 1987. Overall, Long Beach family incomes increased 257% between 1970 and 1987.



Table 31 summarizes increases in home prices, rents and household incomes for this period.

TABLE 31  
CITY OF LONG BEACH  
INCREASE IN HOUSING VALUE,  
GROSS RENT, AND  
HOUSEHOLD INCOME  
(1970 TO 1987)

	DOLLAR INCREASE			PERCENTAGE INCREASE		
	1970	1980	1987	70-87	80-87	70-87
Median Value Home	\$22,200	\$82,100	\$142,900	270	74	644
Median Gross Rent	\$114	\$263	\$605	131	130	431
Median Income	\$9,311	\$15,394	\$33,200	65	116	257

Source: 1970 and 1980 Census, 1987 Median Income Estimate by U.S. Department of Housing and Urban Development for Los Angeles County, 1987 average two bedroom rent by City of Long Beach Housing Authority, 1987 median home value for Los Angeles County by U.S. Savings and Loan Association.

### The Housing Affordability Gap

When families cannot afford housing with a reasonable percentage of their income, a housing affordability gap exists. In 1988, most Federal and State housing finance programs presumed that families can afford to pay between 25% and 30% of their income for shelter. This Housing Element uses the Southern California Association of Governments (SCAG) recommended 30% factor to define affordability. This factor has been approved by the State Housing and Community Development Department (HCD). For renters, shelter costs include contract rent and utilities. For homeowners, shelter costs include principal and interest payments, property taxes and property insurance premiums.

Table 32 indicates the maximum affordable rents households can pay based on family size and income. The affordability matrix which follows (Table 35) puts this into perspective based on Los Angeles County median family incomes.

TABLE 32

RENTAL HOUSING AFFORDABILITY IN 1987 FOR  
FAMILIES AT SELECTED INCOME LEVELS





















Persons in Family	1987 Median(\$)	<u>Income</u>		<u>Maximum Affordable Rental *</u>		
		80%(\$)	50%(\$)	Median Income	80%	50%
1	26,800	19,900	13,400	670	498	335
2	30,600	22,700	15,300	765	568	382
3	34,500	25,500	17,250	862	639	431
4	35,500	28,400	19,150	888	710	479
5	41,400	30,200	20,700	1,035	755	518
6	44,400	31,950	22,200	1,110	799	555
7	47,500	33,750	23,750	1,188	844	594
8	50,600	35,500	25,300	1,265	888	632

\* Note: These rent figures, which are calculated at 30 percent of monthly income, do not include an allowance for utilities. Normally calculated at between \$50 and \$75 per month, the utility allowance should be deducted from the affordable rental figures above to determine exact rent affordability levels for each group.

Source: Fiscal Year 1988 Los Angeles County Median Income Report, City of Long Beach Department of Community Development. FY 1989 report not available at time of publication of this Housing Element.

TABLE 33

CITY OF LONG BEACH  
1987 RENTAL HOUSING AFFORDABILITY MATRIX

TYPICAL NUMBER OF PERSONS IN HH	BEDROOM SIZE	AVE. RENT	L.A. CO MEDIAN INCOME (100%)	LOWER INCOME (80% OF MEDIAN)	VERY LOW INCOME (50% OF MEDIAN)	EXTREMELY LOW INCOME (30% OF MEDIAN)
1	0	\$350				
2	1	432				
3	2	605				
4	3	757				
5	4	870				

## Corresponding Affordability



Can afford average rent with 25% of income.



Can afford to pay rent with 30% of income.



Can afford to pay rent with 40% of income.



Can afford to pay rent with 50% of income.



Can not afford average rent with less than 50% of income.

Source: 1987 Rental Survey by City of Long Beach Housing Authority; 1987 HUD Median Income Estimate and Income Limits for Section 8 HAP program.

Prepared by SCAG



Table 33 was prepared by SCAG to demonstrate rental housing affordability in Long Beach, showing affordability levels for median income, low income, very low income and extremely low income (below 30% of median income) renter families. Note that the SCAG table is based on 1987 median income and does not include a utility allowance deduction.

Clearly, low and very low income renter households are forced to make untenable choices between paying their rent and meeting other family budget necessities within their modest income limits. Very low income households of four or more persons must pay more than 50% of their income for rent alone. Low income renter families are not much better off. Low income families of three or more persons pay more than 40% of their income for rent.

Neither very low income or low income families can afford to buy the median priced home in Long Beach. Furthermore, moderate income families, earning as much as a 100% of Long Beach median income, cannot afford the median priced home. In fact, a three-person family earning the 1987 median income of \$32,300 can only afford to buy a home priced at \$98,089. This assumes a thirty-year fixed-rate mortgage at 10.5% and a ten percent down payment. There are few homes in Long Beach priced as low as \$98,000. See NON-GOVERNMENTAL CONSTRAINTS for 1988 figures.

SCAG also developed a table showing maximum home prices affordable for selected household sizes and income levels, based on 1987 figures for Los Angeles County. These data are presented in Table 36.

TABLE 34

MAXIMUM HOME PRICES AFFORDABLE FOR  
SELECTED HOUSEHOLD SIZES AND  
INCOME LEVELS (1987) - L.A. COUNTY

## THREE PERSONS IN FAMILY

% OF MDN INC	\$ INCOME	\$ MO PYMT	\$ LOAN	\$ DWN PYMT MAX	\$ PRICE
100%	32,300	808	78,471	19,618	98,089
80%	23,900	598	58,064	14,516	72,580
50%	16,150	404	39,236	9,809	49,045
30%	9,690	242	23,541	5,885	29,427

## FOUR PERSONS IN FAMILY

100%	35,900	898	87,217	21,804	109,022
80%	26,550	664	64,502	16,126	80,628
50%	17,950	449	43,609	10,902	54,511
30%	10,770	269	26,165	6,541	32,707

## FIVE PERSONS IN FAMILY

100%	38,800	970	94,263	23,566	117,829
80%	28,200	705	68,511	17,128	85,638
50%	19,400	485	47,131	11,783	58,914
30%	11,640	291	28,279	7,070	35,349

ASSUMPTIONS: 20% DOWN PAYMENT                      MAXIMUM PAYMENT OF 30%  
30 YEAR FIXED RATE MORTGAGE                      OF GROSS INCOME FOR SHELTER  
10-1/2% INTEREST RATE

NOTE: Taxes and insurance equal to about 1-1/2% of purchase price are not included, nor are tax benefits related to interest and property tax deductions. Adjustable and graduated payment mortgages can significantly increase the loan amount a family may receive from a lender, as will any reduction in the interest rate charged. Higher interest rates have the opposite effect and lower the affordable home price.

SOURCE: SCAG

### Housing Authority Waiting List

The seriousness of Long Beach's housing affordability gap for low income and very low income renters is dramatized by the Long Beach Housing Authority waiting list. A total of 9,644 families registered for the Authority's waiting list for the period 1981-1988. More than 80% of these families faced a waiting period of three or four years. A waiting period of five years or more confronts 1900 of these families. Nearly 73%, or three out of four households registered, were families. Elderly households registering for the Housing Authority waiting list totaled 2,642. Table 35 summarizes elderly and family registrants for the waiting list by their bedroom size requirements.

TABLE 35

CITY OF LONG BEACH, CALIFORNIA  
HOUSING AUTHORITY SYSTEM  
ANALYSIS OF WAITING LIST REGISTRANTS  
SUMMARY FOR 08/01/82 THRU 04/30/88  
BY CATEGORY

Bedroom Size	1	2	3	4	5	
Elderly Non-residents	389	35	0	0	0	424
Elderly Residents	2,003	215	0	0	0	2,218
Family Non-resident	434	973	388	98	0	1,893
Family Residents	1,162	2,538	1,099	304	6	5,109
Grand Total by Bedroom Size:	3,988	3,761	1,487	402	6	9,644
Estimated Wait Period:	3 yrs.	4 yrs.	5 yrs.	5+ yrs.	5+ yrs.	

## MEASURING HOUSING AFFORDABILITY NEEDS

The Regional Housing Needs Allocation (RHNA) model provides estimates of the number of low income households (LIHH) paying more than 30% of their income for shelter. LIHH are defined as those making up to 80% of the County median income. Values given in the RHNA were for 1988 and have been adjusted upward to account for the differences between 1988 and 1989. Subsequently, the number of low income households which have been assisted since 1984 have been subtracted pursuant to SCAG' guidelines. A straight line method of calculation was used to accomplish this, as shown below:

SCAG estimate of LIHH's overpaying for shelter, 1988	39,422
Adjustment to 1989	+ 818
Reduction for LIHH assisted since 1984	<u>- 1,679</u>
Estimate of LIHH's overpaying for shelter	38,559

Table 36 shows these adjusted current estimates broken down by income and tenure.



Table 36  
Existing Need  
(LIHH Overpaying for Shelter)

Total LIHH's . . . . .	77,886
LIHH's Overpaying for shelter . . . . .	38,559
Very low income . . . . .	25,776
Low income . . . . .	12,783
LIHH's Overpayment by Tenure and Income	
Owners Total . . . . .	4,241
Very low income . . . . .	2,757
Low Income . . . . .	1,484
Renters Total . . . . .	34,317
Very low income . . . . .	22,992
Low income . . . . .	11,325

For purposes of this Housing Element, the total LIHH Overpaying has been divided into its component parts: Elderly; Handicapped; Large Family; Female head of household; and Small Family. Each of these groups has special housing needs. Estimates of the numbers of households which fall into each category of need are based on percentages derived from 1980 Census data and the Housing Assistance Plan (HAP).

#### Farmworkers

Long Beach is a completely developed urban center. In spite of the fact a limited number of farmworkers may still reside in the City and commute to agricultural jobs outside of the City, this is a very small amount of people. Therefore, the special needs of farmworkers are included in this Element under the other needs categories.

#### Elderly

Estimates of the number of households with persons over 65 as heads of household, and the owner/renter mix of these households, are derived from the 1980 Census and from SCAG (1987).

Table 37  
Elderly Population

Total persons over age 65 in 1989 . . . . .	68,855
Total households with head 65+ . . . . .	45,375
Total owner households . . . . .	24,503
Total renter households . . . . .	20,872

According to the Long Beach Housing Assistance Plan (October, 1988), 7,845 elderly households are in the very low income category, and 2,410 are in the low income category. The values in the Table are updated to 1989 in the Existing Needs Summary (Table 41).

Handicapped

The 1984 edition of the Housing Element estimated there were 7,400 individuals in the City requiring barrier-free housing as a result of a physical handicap. That estimate has been revised upward to reflect the population forecast for 1989, resulting in an estimate of 8,697 handicapped persons.

The U.S. Department of Housing and Urban Development provided Long Beach with an estimate of the components of the handicapped population for the current Housing Assistance Plan. The 1988 estimate of handicapped persons in need of rental assistance is as follows:

Table 38  
Handicapped Population

Elderly handicapped . . . . .	844
Small family handicapped . . . . .	2,461
Large family handicapped . . . . .	604
One person non-elderly handicapped . . . . .	<u>2,093</u>
Total needing assistance . . . . .	6,002
Not needing assistance . . . . .	2,695
Total handicapped population . . . . .	8,697

For purposes of this report, handicapped persons are considered to be handicapped households. The values in the Table are updated to 1989 in the Existing Needs Summary (Table 41).

### Large Families

Large families are defined here as those having six or more persons living in the same housing unit. The estimated totals for Long Beach, derived from the 1980 Census, are:

Table 39  
Large Families

Total Large Families . . . . .	6,788
Total owners (47%) . . . . .	3,190
Total renters (53%) . . . . .	3,598

The Housing Assistance Plan states that 3,861 large family households (58%) are in the very low and low income categories. This is updated to 1989 in the Existing Needs Summary (Table 41).

### Female Headed Households

The total number of such households at or below the poverty level are derived from the 1980 Census. It is estimated that in 1989 there are 5,515 female headed households in Long Beach, all in the "need assistance" category because of their very low incomes. Therefore, they are included in the Large Family and Small Family categories and not counted separately.

### Small Families

In this category are the remainder of the family groups which need some sort of housing assistance. The Housing Assistance Plan identifies 23,319 small families of low and very low income. This is updated to 1989 in the Existing Needs Summary (Table 41).

Table 40  
Small Families

Very low income . . . . .	15,100
Other low income . . . . .	<u>8,219</u>
Total small families . . . . .	23,319

SUMMARY OF EXISTING NEEDS BY TYPE AND INCOME

Existing need, as reviewed earlier in this report, is confined to very low and low income households paying more than 30% of household income for shelter. This section summarizes the needs analyses from the preceding pages. The need values were derived primarily from the Housing Assistance Plan, and after verification by independent means, they represent 1988 values updated to 1989. Therefore, these values are the numbers derived from the HAP multiplied by an updating factor of 1.0207.

Table 41  
Summary of Existing Need  
By Type and Income  
1989

	<u>Very Low Income</u>	<u>Low Income</u>	<u>Totals</u>
Elderly <sup>1</sup>	7,673	2,349	10,022
Large Family <sup>2</sup>	2,357	1,419	3,776
Small Family <sup>3</sup>	14,771	8,038	22,809
Handicapped <sup>4</sup>	978	974	1,952
Female Head <sup>5</sup>	<u>--</u>	<u>--</u>	<u>--</u>
Totals	25,779	12,780	38,559

- 
1. Includes Elderly Handicapped
  2. Includes Female Head and Handicapped
  3. Includes Female Head and Handicapped
  4. One person non-elderly handicapped. Very low/low income split is estimated.
  5. Included in other categories (2 and 3)



### OVERCROWDING

Overcrowding can be caused by several factors. When the price of housing or rental payments becomes too steep, people may "double-up" to save on housing outlay costs. So it can be an affordability issue. It can also be a cultural preference. Living in extended families, with several generations housed under one roof is common in Southeast Asian and Latin cultures. Finally, overcrowding can be an issue of housing supply if there are not enough housing units available.

Owing to the adequate vacancy rates in Long Beach, it is believed that the first two factors have contributed predominately to the overcrowding which exists here. Therefore, current overcrowding in Long Beach is considered primarily an affordability issue.

The analysis of overcrowding is based entirely on updated information from the 1980 Census. The following table shows both 1.01/1.50 persons per room and 1.51+ persons per room categories. The 1984 Housing Element and this revision consider severe overcrowding (1.51+) to be the most important aspect of this category.

Table 42  
Estimate of Overcrowding, 1989

Owner Occupied Units

a. 1.01/1.50 persons per room . . . . .	1,668
b. 1.50+ persons per room . . . . .	<u>1,068</u>
Subtotal . . . . .	2,736

Renter Occupied Units

a. 1.01/1.50 persons per room . . . . .	4,237
b. 1.50+ persons per room . . . . .	<u>5,338</u>
Subtotal . . . . .	9,575

Total Overcrowding, 1989 . . . . .12,311

Since overcrowding is considered to be an affordability issue, it can be assumed that all of the households living in overcrowded situations are included in the 38,559 low income households paying more than 30% of their income for housing. In the final analysis, overcrowding should only be considered problematic only when there is a health, safety or public welfare issue at stake. Aggressive efforts to relieve overcrowding would be detrimental to the housing program by increasing need and displacing households already in shelter. Quantifying the instances when this occurs has not been attempted here. Thus, overcrowding will be treated in this element more as a programmatic issue than a truly quantifiable need. Eliminating undesirable overcrowding will be considered a priority when determining housing needs assistance.

## THE HOMELESS

Meeting the needs of the nation's homeless is a growing public concern. In order to address this concern, efforts have been undertaken by both public agencies and private organizations to gather factual information on the number of homeless persons throughout the country, the characteristics and needs of those who are homeless, the cause of homelessness, and the availability of emergency shelters and transitional housing to serve the homeless. Gathering such information is made difficult by the very nature of the homeless problem and the homeless population which is transient and often, either by choice or by circumstance, very difficult to reach. As a result, different population estimates for a single city can vary significantly. This housing element, therefore, does not identify a single estimate for the number of homeless persons living in Long Beach, but rather presents an estimated range based on two recent studies which examined homelessness in the region. The population estimate is followed by an evaluation of the demand for emergency shelter and the ability of existing facilities to meet this demand. Lastly, the diversity of the homeless population is examined and "special needs" groups are identified. Estimates are provided for the total number of homeless persons within each group.

Three topics, directly related to the homeless issue, are not addressed in this section. The first is the need for treatment services, rehabilitation, vocational training, and other social services. While it is recognized that many homeless persons require assistance beyond the provision of shelter, this element focuses on housing needs. However, a comprehensive overview of social services needed to serve the homeless population (including a strategy to match the needs of the homeless with available services) is presented in the City's annual Comprehensive Homeless Assistance Plan, provided as a supplemental report to the Housing Element. Finally, a long term solution to the problem of homelessness must address both the provision



of transitional housing and the provision of permanent affordable housing. These final topics are addressed in detail in the appropriate section of this housing element.

Population Estimates. In 1984, the U.S. Department of Housing and Urban Development (HUD) conducted a comprehensive study of the nation's homeless. For a medium-sized city such as Long Beach, the study estimates there are 12 homeless persons for every 10,000 population. Using data provided by the Southern California Association of Governments, the current population of the City of Long Beach is estimated to be 424,264. Applying the HUD ratio to this estimate results in an estimated population of 509 homeless persons in the City of Long Beach. However, the HUD study also found that 31% of the nation's homeless are living in the western region of the country while only 19% of the nation's total population lives in this region. To adjust the above estimate to reflect this disproportionate share of homelessness, the national estimate of 12 homeless persons per 10,000 population is multiplied by the ratio of share of total homeless to share of total population for the western region. The adjusted estimate is 19.6 homeless persons per 10,000 population, or a total of 831 homeless persons living within the City of Long Beach.

In September of 1986, the Long Beach City Council appointed a Task Force to evaluate the extent of homelessness in the city and to make recommendations on how to meet the needs of the city's homeless population. The Task Force gathered data through interviews with providers of human and social services, a survey of these agencies, and interviews with homeless persons living in Long Beach. The Task Force reported that on an average night during the summer of 1987, there were an estimated 2,443 homeless persons living in Long Beach and that, over a period of one year, approximately 5000 persons are homeless for some period of time. This estimate is significantly higher than the HUD estimates outlined above, and may



over-estimate the number of homeless persons living in Long Beach. The accuracy of this estimate is highly dependent on identifying the correct proportion of the city's homeless who are using shelters here in Long Beach; a slight bias in the sample would become magnified in the final estimate of the total homeless population. During the one month period studied, the sample of homeless persons accounted for only 5.2% of the shelter-nights provided by the City's principal shelter providers, the Rescue Mission and the Family Shelter. In addition, less than 1 in 4 of the homeless persons interviewed had used either of the shelters at any time during the past month. These findings indicate that either a surprisingly small proportion of the homeless are utilizing the shelters, or the sample is biased and does not truly represent the proportion of homeless persons using shelters. If the sample is so biased, the methodology utilized by the Task Force would significantly over-estimate the total number of homeless persons in Long Beach.

The two studies summarized above indicate that the homeless population of Long Beach ranges from approximately 800 to 3000 persons.

In addition to the City-wide estimates presented above, region-wide statistics on homeless persons receiving general relief assistance are provided by the County of Los Angeles Department of Public Social Services. For the month of February, 1989, 1,009 homeless persons were assisted by the Long Beach Special Division. This division includes Long Beach, Downey, Lomita, Lynwood, San Pedro, South Gate, and portions of Compton, Carson, Lakewood, Paramount and Torrance. Because the Long Beach division covers such a large region and because all the homeless applicants served used the address of the regional office as their home address, the exact number of homeless persons served who are living in Long Beach is not known.

However, the County's records clearly indicate that the regional homeless population is increasing.

Existing Emergency Shelters. Several non-profit agencies provide emergency shelter to the homeless of Long Beach. Below is a listing of these agencies and the number of spaces each agency provides on a year-round basis. A total of 224 shelter spaces are provided; the City of Long Beach partially funds 160 of these spaces.

Table 43

Existing Emergency Shelters In Long Beach

Shelter Facility	Number of Shelter Spaces
- Catholic Charities' Family Shelter; Serves families, elderly, and handicapped.	63 shelter spaces
- Salvation Army: Serves single men and women.	28 shelter spaces
- Long Beach Rescue Mission: Serves single men (Samaritan House) Serves women and children (Lydia House)	133 shelter spaces

In addition to the facilities listed above, the City also participates in an emergency cold weather program operated by the County of Los Angeles. This program provides emergency shelter in the California National Guard Armory and emergency housing vouchers on nights when the temperature falls below forty degrees. (The Armory provides shelter for 250 persons, however, it is not available on nights when the National Guard is performing maneuvers). The vouchers are redeemable in local

hotels and motels which have been pre-approved by County agencies. There are approximately 300 such spaces available in the Long Beach area to persons issued emergency vouchers. Added to the 224 spaces listed in above, the combined total of emergency shelter spaces currently available to the Long Beach homeless is 774. As noted, 250 of these spaces may be unavailable on certain nights. In these instances, a total of 524 emergency shelter spaces would be available.

Demand for Emergency Shelter. Evaluating the need for shelter facilities should be based on peak demand for such facilities, not on peak population, since it is neither legally possible nor morally justifiable to "force" the entire homeless population into shelter facilities. Because peak demand is most likely to occur during very cold spells, the counts presented below are for recent winter months and an unusually cold period in February of 1987.

During December of 1988 and January of 1989, the Long Beach Rescue Mission operated at approximately 80% capacity, providing shelter for an average of 102 persons per night. During this same period, the Family Shelter operated at 37% capacity, providing shelter for an average of 22 persons per night. The two shelters combined, then, served an average of 124 persons per night during the two-month winter period. Of the approximately 300 voucher spaces available, the average number issued per night was 25; a total of 647 shelter nights were provided through this program over 26 nights. During the same 26 nights, 3755 shelter nights were provided at the National Guard Armory, an average of 169 shelter spaces were occupied per night. Because both the shelters and the voucher program had additional space available, existing capacity exceeded actual demand even during these winter months.

The City also gathered data for a period of particularly cold weather in February of 1987. Over a three-night period, 235



emergency vouchers were used for shelter. The two principal Long Beach shelters reported providing service to a total of 372 persons during this same three-night period. The average number of persons sheltered during this cold spell was approximately 200 per night. While additional homeless persons may have been sheltered by smaller shelter operators in Long Beach, the two shelters and the cold weather program account for most of the emergency shelter provided. These figures, then, indicate that demonstrated demand for emergency shelter appears to be in the range of 300 to 350 spaces on a very cold night.

Based on the overview of shelter facilities presented above and the shelter counts presented here, the capacity of existing shelter facilities, when supplemented with shelter available through the cold weather program, meets the demand for emergency shelter during particularly cold periods.

Special Needs. The above analysis addresses only the need for short-term emergency shelter. While the public agencies and private organizations of Long Beach are doing a good job of meeting the demand for short-term shelter, the homeless have many other needs and the resources available to meet these needs are limited. In interviews with 178 homeless persons living in Long Beach, the Task Force on the Homeless found that many homeless persons are mentally ill, alcoholic, or substance abusers. A summary of the Task Force findings for the sample of 178 homeless persons is presented in Table 47. The sample percentages are applied to the adjusted HUD estimates for total number of homeless persons living in Long Beach. The results, shown in the right column, represent estimates for the total number of homeless persons by category. Where data is available from local agencies providing emergency shelter, the agencies' counts are also provided and the resulting estimate is presented as a range instead of a single estimate. The categories shown are not mutually exclusive; a single homeless person may fit into several of the categories.



Table 44

## Estimated Number of Homeless by Category of Need

Category	Percentage of Sample		Estimated Number of Long Beach Homeless in Category
Families with children	10%	(Task Force report; percentage does not include children.)	83 to 274
	33%	(Shelter counts.)	
Single men	84.5%	(Task Force report; approximation.)	465 to 702
	56%	(Shelter counts.)	
single women	5.5%	(Task Force report; approximation)	48 to 91
	11%	(Shelter counts.)	
Seniors (Over 64 years of age)	2.2%	(Task Force report.)	18 to 42
	5%	(Shelter counts.)	
Alcohol abusers	1/3 to 1/2	(Task Force report.)	277 to 416
Substance abusers	27%	(Task Force report.)	224
Mentally Ill	33%	(Task Force report.)	83 to 274
	10%	(Shelter counts.)	
In poor health	32%	(Task Force report; as reported by those interviewed)	108 to 266
	13%	(Shelter counts.)	
Veterans	38%	(Task Force report.)	316
Disabled	-	(Not available.)	-

Table 45  
Summary of Total Existing Affordability Needs

Low Income Households Paying More Than 30% For Shelter

Elderly . . . . .	10,022
Large Family . . . . .	3,776
Small Family . . . . .	22,809
Handicapped . . . . .	1,952
Female Head . . . . .	<u>--</u>
TOTAL . . . . .	<u>38,559</u>

Overcrowding:

1.01-1.50 persons/room . . . . .	5,905
1.50+ persons/room . . . . .	<u>6,406</u>
TOTAL . . . . .	12,311 *

Homeless Needs:

Permanent Shelter . . . . .	800 to 3000
Temporary Shelter . . . . .	300 to 350

---

\* As explained in the text, it is likely that almost all of the households living in an overcrowded situation are included in the 38,559 low income households paying more than 30% of their income for housing. Therefore, to avoid double counting, overcrowding will not henceforth be included in summary tables showing affordability needs.

#### D. FUTURE THREATS TO EXISTING AFFORDABLE HOUSING

As indicated in the preceding section on housing affordability needs, slightly more than half (39,327 households) of the City's low income households are presently paying less than 30% of their incomes for housing. Unfortunately, some of the housing units in which these households reside may be lost over the next five years, further aggravating the already severe housing affordability problem. This section explores the threats to the present stock of affordable housing.

#### AT RISK FEDERALLY ASSISTED HOUSING PROJECTS

With the wide affordability gap between the available supply of low-cost housing and the number of households in need, preservation of federally assisted housing assumes great importance.

Beginning in the early 1960's, HUD mortgage subsidy programs made below-market interest rate loans and mortgage insurance available for construction of affordable housing. Later, Section 8 rent subsidies and guarantees were provided. To these subsidies were added substantial tax benefits to attract equity capital.

Long Beach aggressively sought and obtained federal rental housing assistance programs in the 1960's and 1970's. Over 3,000 units of moderate income, low income and very low income rental housing were produced in Long Beach as a result of these programs. Approximately 2,000 of these units provide shelter for seniors. By contract and regulations, these programs limited rents and profits and restricted occupancy in subsidized projects. Affordable rent levels in these projects were assured for a period ranging from five to twenty years based on the provision of Section 8 rent subsidies and Federal mortgage loans. The preservation of this important affordable housing resource in Long Beach is threatened in two ways. Section 8 subsidy contracts will expire for these projects beginning in 1988. Secondly, HUD mortgage subsidy program regulations permit owners to prepay their mortgages after 20 years, thereby opting out of their restricted rent requirements and converting their units to market-rate rentals.

A total of nineteen federally assisted projects were built in Long Beach between the period 1966 and 1986. These projects represent a total of 2,797 units. Most of these projects benefit from both mortgage assistance and project based Section 8 rent subsidies. The initial 15-year commitments made under the Section 8 program will soon be expiring for



some (see Table 48). Without support from Washington to renew Section 8 subsidies, tenants currently benefitting from this assistance face sharp rent increases, eviction, and/or unavailability of affordable alternatives. Some may become homeless. In the City of Long Beach, 94% of tenants receiving project based Section 8 rent subsidies are elderly (62 years and older).

Table 48 and Figure J summarize the inventory and location of low income rental units subject to termination of federal mortgage and/or rent subsidies. During the next five years, 942 Federally assisted housing units are at risk of being lost. It is estimated that approximately two-thirds of this number, or 628 units, are occupied by low and very low income tenants. These are the units which are most critical to save, since new housing affordable to these low and very low income tenants would be considerably more expensive to construct than strategies aimed at preserving the affordability of the projects currently enjoying Federal subsidy.

TABLE 46

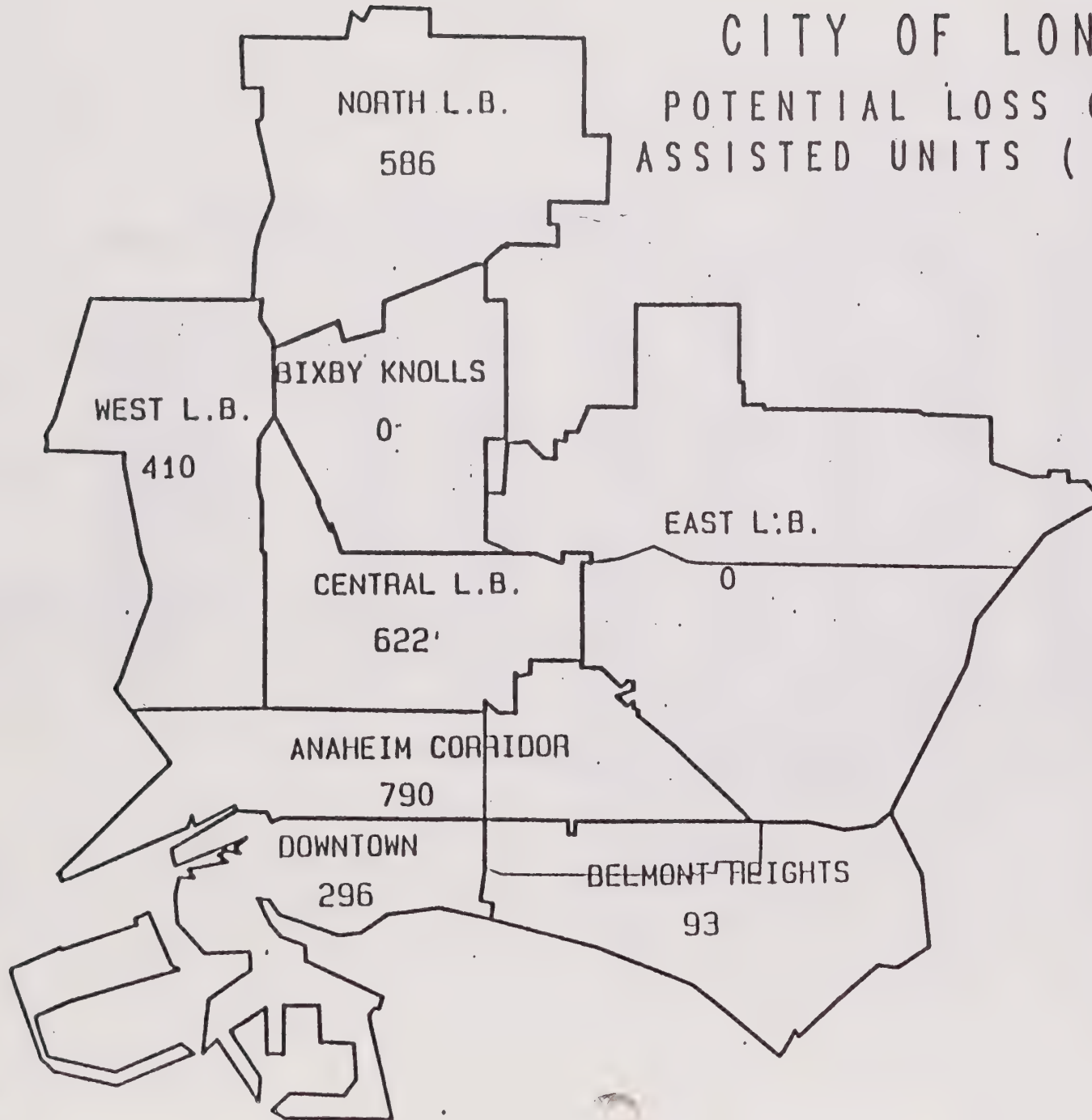
CITY OF LONG BEACH  
INVENTORY OF LOW INCOME RENTAL UNITS  
SUBJECT TO TERMINATION OF FEDERAL MORTGAGE OR/AND SUBSIDY  
1988-2008

AREA	PROJECT NAME	ZIP CODE	PROGRAM	YR BLT	TOT UNITS	ELDERLY	TOT SEC 8	8/ ELDERLY	EARLIEST ASSISTANCE EXPIRATION	
									MORTGAGE	SEC 8/SUBSIDY
DOWNTOWN	COVENT MANOR	90802	SEC 202/ 8	1985	100	100	100	100	07JUN25	06JUN05
	PLYMOUTH W	90802	SEC 236/ 202	1974	196	196	137	137	16MAY14	02AUG88
BELMONT HEIGHTS	BEACHWOOD APTS	90814	SEC 202/ 8	1984	93	92	92	92	01SEP24	08MAR04
ANAHEIM CORRIDOR	SCHERRER PARK APTS	90804	SEC 202/ 8	1984	45	45	45	45	13MAR25	05NOV04
	PARWOOD APTS	90813	SEC 202/ 8	1986	148	148	148	148	26NOV26	27JUN06
	PARWOOD APTS II	90813	SEC 236	1976	200	200	157	157	29JUL16	20JUN89
	BURNETT MANOR	90813	SEC 236	1974	24	0	0	0	13JUL94	NA
	PACIFIC COAST PLAZA	90813	SEC 221/ 8	1979	50	12	50	12	NA	30AUG89
	DEL AMO GARDENS	90813	SEC 236/ 202	1974	183	183	157	157	03JUL14	21OCT87
	LB BRETHERN MANOR	90813	SEC 202/ 8	1969	140	140	140	140	02OCT09	13OCT91
CENTRAL L.B.	SPRINGDALE I&II	90806	SEC 236	1973	18	0	0	0	07SEP93	NA
	SPRINGDALE III	90806	SEC 236	1976	78	78	15	0	30DEC96	28JUN89
	ST MARY'S TOWER	90806	SEC 221/ 8	1972	230	230	230	230	NA	02AUG88
	BAPTIST GARDENS	90806	SEC 202/ 8	1964	296	296	0	0	02NOV06	NA
	CHESTNUT MANOR	90810	SEC 236	1975	232	0	0	0	28AUG95	NA
WEST L.B.	PACIFIC COAST VILLA	90810	SEC 236	1976	178	4	36	4	30SEP96	28JUN89
	PARK PACIFIC TOWER	90805	SEC 8	1978	58	58	58	58	NA	01NOV88
NORTH L.B.	NEW HOPE HOME	90805	SEC 221	1968	248	0	0	0	09MAY88	NA
	LUTHERAN TOWERS	90805	SEC 221	1970	280	0	0	0	21AUG90	NA
TOTAL					2,797	1,782	1,365	1,280		

SOURCE: CA. RURAL HOUSING PROJECT, HUD DATABASE, SCAG INVENTORY OF SUBSIDIZED HOUSING, DATED MAY, 1983, AND STATE SENATE OFFICE'S, "Housing Alert," Dated December, 1987.

FIGURE K

CITY OF LONG BEACH  
POTENTIAL LOSS OF FEDERALLY  
ASSISTED UNITS (1987 TO 2008)



## POTENTIAL DEMOLITION OF AFFORDABLE HOUSING

### Code Enforcement

As described in Section V, the City operates and will continue to operate two major code enforcement programs: the Intensified Code Enforcement (ICE) Program, and the program of Code Enforcement on the Basis of Complaints. Tables 48 and 49 present the operating statistics of these two programs since 1980.

TABLE 47

### Intensified Code Enforcement (ICE) Program - 351705

Fiscal Year	Units Resolved By Rehab.	Cases Resolved By Rehab.	Units Rehabilitated	Units Demolished
79-80	37	2	37	2
80-81	177	5	177	5
81-82	138	2	138	2
82-83	145	9	183	27
83-84	137	19	349	160
84-85	158	1	423	1
85-86	193	11	346	12
86-87	155	27	337	34
87-88	168	7	318	7
88 to Dec. 31, 1988	136	13	349	18
Totals	1,444	96	2,857	268



TABLE 48

## Regular Code Enforcement Activity

Fiscal Year	Units Resolved By Rehab.	Cases Resolved By Rehab.	Units Rehabilitated	Units Demolished
79-80	100	40	100	40
80-81	101	69	101	69
81-82	78	48	78	48
82-83	122	28	444	40
83-84	128	39	395	136
84-85	110	35	359	66
85-86	112	51	272	56
86-87	125	62	255	86
87-88	110	38	273	45
88 to Dec. 31, 1988	37	10	154	12
Totals	1,023	420	2,432	598

It can be seen that the vast majority (90 percent) of the substandard residential units resolved through code enforcement activities were resolved by rehabilitation. Of the 1,618 residential units demolished over this period, only 337 units were demolished as a result of code enforcement activities.

#### Demolitions by Private Actions

As explained in the Recycled Sites section of this report (page 69), most new housing construction in this City has occurred on sites occupied by existing buildings. Since 1984, the vast majority of those sites were in residential areas, with the result that existing housing was demolished. The typical situation was that a single-family home was replaced by an eight-unit apartment. (This magnitude of replacement was cut

in half in 1987 with the institution of new design and development standards.) However, some new housing was erected on major thoroughfares, usually resulting in the demolition of one or more commercial buildings. The new Land Use Element of the General Plan calls for the redirection of new multi-unit housing construction out of some residential areas and onto major thoroughfares. Future demolitions of existing housing, therefore, should be decreased significantly. Table 51 summarizes the number of residential demolitions over the past five years, including those discussed above due to code enforcement.

TABLE 49  
Total Citywide Demolition Activity  
From July 1, 1984, to February 28, 1989

<u>Type</u>	<u>Housing Units</u>		<u>Residential Structures</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Single-family dwelling	951	59	951	86
Duplex	180	11	90	8
3-4 unit building	114	7	33	3
<u>5 or more unit building</u>	<u>373</u>	<u>23</u>	<u>30</u>	<u>3</u>
Total	1,618	100	1,104	100

#### Demolition of Single Room Occupancy Accommodations

A recent City-wide survey has revealed that Long Beach has an estimated 32 buildings containing approximately 650 single room occupancy units affordable to very low and low income households.

In many instances these units are the final shelter stop before a household becomes completely homeless. Preservation of decent, safe, and sanitary single room occupancy hotels and residential buildings as transitional housing for families on the verge of homelessness, or recovering from a homelessness situation, is critical.

Given the age and location of many of the existing single room occupancy accommodations, there is a high likelihood that many of them will be threatened with demolition over the next five years. These are included in the expected number of housing units to be demolished enumerated in the following paragraph.

#### Demolition Adjustment in RHNA

The Regional Housing Needs Allocation model has assigned a demolition adjustment of 1,257 units to Long Beach's share of meeting the region's housing needs. It is estimated that 75 percent of the units threatened with demolition, or 950 units, are occupied by low income households. Based on the new Land Use Element, new design and development standards, and increased costs of construction, future demolitions of existing housing should be significantly decreased, perhaps well below this adjustment figure. Furthermore, as set forth in the Housing Program section of this report, the City intends to implement new programs aimed at reducing the rate of demolition of affordable housing units.

#### LOSSES TO CONDOMINIUM CONVERSIONS

As the supply of affordable owner-occupied housing units is dwindling, some apartment building owners have found a niche for providing ownership opportunities by converting their multi-family apartment buildings into condominium buildings. The positive side of this is that it allows many first-time homebuyers to break into the ownership market. The negative side is that it takes formerly affordable, low-cost rental units, and with a minimum outlay for improvements on behalf of the developer, turns them into moderate-cost units, thus decreasing the supply of affordable rental housing without increasing the overall housing supply. It is estimated that natural market forces could cause the conversion of approximately 300 affordable apartment units over the next five years.

#### LOSSES TO HIGHER PRICES

As noted early in this section, the increase in cost of both sales and rental housing has outpaced the increase in household income. If this continues, more and more households will be forced to pay inordinate proportions of their incomes for housing over the next five years.

One way to keep down the rapid rise in housing costs is to provide a supply of housing equal to or greater than demand. Over the past five years, Long Beach appears to have temporarily achieved this positive balance, as indicated by present vacancy rates. Another method of controlling increasing rents is through rent control. Such a proposal was put to the voters of Long Beach on March 20, 1979, and was rejected by an overwhelming two-to-one vote. As a result, it is the policy of the City that it will not interfere with the free operation of the housing market through rent control.



## E. SUMMARY OF FUTURE HOUSING NEEDS

The housing needs of the City of Long Beach between 1989 and 1994, as identified and projected in this section, are summarized in the following Table.

TABLE 50  
Summary of Housing Needs

### Housing Needed to Accommodate Growth:

Low income:	4,868 units
Moderate income:	2,848 units
Upper income:	<u>5,701 units</u>
Total:	13,417 units

### Physical Deficiencies:

Substandard units which are rehabilitatable	5,053
Substandard units which are not rehabilitatable	1,435

### Threats to Existing Affordable Units:

Loss of Federal Subsidies	942 units
Demolition (including SRO loss)	950 units
Condominium conversion	<u>300 units</u>
Total:	2,192 units

### Affordability Gap:

Low income households paying more than 30% of income for housing	38,559 households
Homeless seeking temporary shelter	200-500 persons

## V. THE HOUSING PROGRAM



## A. THE CHANGING ROLE OF THE CITY

Traditionally, the City's role in housing was primarily that of assuring the quality of new and existing housing stock and of facilitating the use of Federal housing subsidies. This has changed dramatically. Now, faced with the combined effects of rapidly increasing housing prices and extensively reduced Federal support, the City is challenged with a much broader and more difficult role --- that of marshalling the financial resources necessary to address the local housing crisis. The City of Long Beach accepts this challenge. With cautious optimism, it pledges to do its best to address the impending housing crisis, realizing that the housing problem is much larger than the City of Long Beach, and that the City cannot expect to fully succeed where the Federal government has failed.

The City will build upon its traditional strengths and responsibilities in accepting this new role. First it will utilize its land use control authority to protect the existing stock of decent, affordable housing. Second, it will continue its strong code enforcement efforts to ensure that older housing is maintained and rehabilitated to remain safe and sanitary. Third, it will aggressively seek the limited Federal and new State housing assistance funds available, and help both for-profit and non-profit private sponsors to take advantage of these funds to build new affordable housing in Long Beach.

To round out this new role, the City must go beyond its traditional strengths and responsibilities to take on a portion of the role previously assumed by the Federal government --- to attempt to make housing affordable to all of its citizens. The City realizes that the only long-term solution to this problem is to provide opportunities for all households to earn incomes sufficient to afford standard, market-rate housing. To this end, the City will continue to aggressively pursue its very



successful economic development and job training programs. It recognizes, however, that results in economic development are not immediate, and that the impending crisis in housing demands immediate solutions. The City will, therefore, also aggressively marshal the financial resources necessary to help its low-income households afford housing suitable to their needs.

## B. SETTING PRIORITIES

One of the most critical aspects of establishing the five year housing program for Long Beach is the setting of priorities among the various household categories in need of housing assistance. As described elsewhere in this Housing Element, the magnitude of the problem exceeds the ability of the City to assist all households in need. Therefore, a reasonable prioritization of those needs is essential.

It is considered as a given in this Element that households of moderate and high incomes shall not receive most forms of housing assistance, except as the general encouragement of housing production in Long Beach by way of incentives and other inducements to private producers may increase the resources for those groups.

Whenever permitted by granting agencies, housing programs shall be concentrated on providing assistance to very low and low income households. This is the group considered to be the most in need of housing assistance, as they are the most likely to have to spend very significant proportions of income for shelter.

One of the appropriate parameters for setting priorities, then, is the percentage of income spent for shelter. This parameter is amplified by the factor of household income as a percentage of median income. In priority terms, very low and low income households paying more than 50% of their income for shelter would be given the highest priority for assistance. Second priority would be assigned to very low and low income households paying between 30% and 50% of their income for shelter. The number of units to be assisted for low income as compared to very low income households should be roughly in proportion to their numbers, i.e., approximately 60% low income and 40% very low income.

However, there are further sub-groups within these very low and low income categories which must be recognized owing to their special housing needs. These include the elderly, large families, small families, and the handicapped. (Female heads of household are included in the large/small family classes elsewhere in this report, but can be utilized for qualification purposes at times of application for housing assistance.)

Among the elderly in these income groups, those over the age of 75, the frail elderly, are considered most in need of housing assistance, with age 74 or less being the second priority. These sub-groups generally pay a very large proportion of their meager incomes for shelter. They also tend to occupy the lowest cost housing. These elderly families have little or no hope of ever increasing their incomes, owing to their advanced ages.

In the sub-grouping of handicapped persons, those who are unable to work because of some handicap are the highest priority of the one-person, non-elderly households. (Other handicapped individuals are included in one of the other groups listed above.)

For purposes of qualifying households for housing assistance, then, the following priorities shall be applied:

1. Very low and low income households paying more than 50% income for shelter
2. Very low and low income households paying between 30% and 50% of income for shelter

Priorities shall be assigned within the subgroups which compose these very low and low income households which are overpaying for housing as follows:

A. Elderly

1. 75 years of age and more
2. 74 years of age and less

- B. Female head of household
  - 1. Large household
  - 2. Small household
- C. Handicapped
  - 1. Unable to work
  - 2. Other
- D. Tenure
  - 1. Renters
  - 2. Owners

The following Table analyzes future need on the basis of the four basic sub-groups, and by low and very low income for the purpose of assessing the relative magnitude of need among groups. Other data, such as levels of income and percent of income spent on shelter, and female head, frail elderly, etc., are to be determined at the time of application for housing assistance.

Table 53  
Renters Overpaying

FUTURE NEED \*

Very Low and Low as assigned by RHNA plus the Gap figures

Very Low	1,901
Low	<u>2,967</u>
Total	4,868

	<u>T O T A L</u>	<u>V E R Y</u>	<u>L O W</u>	<u>L O W</u>
Elderly @ 24% =	1,168	456		712
Large Fam. @ 14% =	682	266		416
Small Fam. @ 55% =	2,677	1,046		1,631
Handicap. @ 7% =	<u>341</u>	<u>133</u>		<u>208</u>
Totals	4,868 **	1,901		2,967

\* Moderate and high incomes excluded. Percentages used are the same as for the 1980 Census owing to lack of updated data.

\*\* From this can be excluded the difference between the number of households assisted in 1980 and in 1988, per the RHNA instructions.



### C. GOALS, POLICIES AND TARGETS

In response to the housing needs identified in the previous chapter, and in accordance with the requirements of State law, the City of Long Beach adopts seven major goals to guide its housing strategy. Each of the goals is stated below, together with associated policies drawn primarily from Long Beach 2000: The Strategic Plan and the Land Use Element of the General Plan.

Five-year targets are set forth for each goal. These targets reflect the projected housing needs over the period, but are tempered by the resources anticipated to be available. Clearly, the needs far outstrip available resources. The following section on implementation strategy describes the resources which the City believes it can generate, and the specific programs which will be undertaken to accomplish each of the seven goals. Since many of these programs must be combined in various ways to achieve the intended targets, specific targets are not set forth for each program.

Goal I: To Maintain and Improve the Quality of the Existing Housing Stock

Related Policies: Long Beach views its existing housing stock as its greatest resource of affordable housing, and will stimulate and support continued maintenance and reinvestment in that housing stock. Long Beach recognizes the strong neighborhood to be the essential building block of a City-wide quality living environment, and will encourage and assist citizen efforts to maintain and strengthen their neighborhoods.

Target: 4,000 units rehabilitated, 300 units demolished  
This target will be achieved primarily through continuation of the City's very successful intensified code enforcement program, together with related residential rehabilitation loan programs. Specifically, it is

intended that code enforcement activity will result in the rehabilitation of 1,000 substandard units, and the demolition of 250 substandard units. Private actions are expected to result in an additional 1,000 rehabilitations and 50 demolitions of substandard units. Since 1980, the City has made continued progress in reducing the number of substandard housing units in Long Beach, despite countervailing forces which tend to cause units to fall into disrepair. Substantial further progress is anticipated over the next five years.

Goal II: To Provide Opportunities to Expand the Housing Stock through New Construction

Related Policies: As stated in The Strategic Plan, the City encourages the development of 24,000 new housing units through the Year 2,000. In order to accomplish this objective, the City will promote development in those areas where existing conditions and infrastructure can support such growth.

Target: 10,000 new housing units

This is a realistic target of 2,000 units per year, slightly more than the 1,620 unit/year average over the past 10 years. Although the average annual rate of housing construction over the past five years has exceeded this amount, that average is skewed by an unusual combination of events in 1986 (low interest rates, pent-up demand, zoning incentives) which produced a record high of over 6,000 housing units. Sufficient residential density is provided in the Land Use Element and Zoning Ordinance to accommodate the full SCAG allocation of 13,417 units should market conditions generate such demand for new construction. The target will be achieved primarily by private for-

profit and non-profit housing developers, responding to land use, zoning and development permitting policies and incentives of the City. The target of 10,000 new units does not include housing units which may be constructed in Long Beach by the Navy or by Cal State Long Beach.

Goal III: To Protect and Preserve those Housing Units which are Currently Affordable to Low Income Households

Related Policies: Nearly half of the City's low income households are presently living in acceptable housing units at prices which they can afford. The City must assign very high priority to preserving these affordable units, which are in danger of being lost through conversion of Federally subsidized units to market-rate units, through condominium conversions, and through demolition.

Target: 1,878 affordable units saved

This is an optimistic target which assumes that the City will be successful in saving all of the 628 Federally subsidized low income units in danger over the next five years (a total of 942 units are threatened, including those affordable to moderate income households), in saving or replacing all of the 950 affordable units likely to be demolished (including many of the existing single room occupancy units), and in saving or replacing all of the 300 affordable apartment units which might otherwise be converted to condominiums.



Goal IV: To Increase Opportunities for Low Income Households to Live in Housing which is Affordable

Related Policies: The City of Long Beach will take advantage of every available State and Federal program to make its housing affordable to its population. The City will also pursue a new role to marshal funding resources at the local level to construct or otherwise make available housing which is affordable to low income households.

Target: 1,700 additional low income households assisted. With the withdrawal of Federal support and the rapidly rising costs of housing, this will be the most difficult target to achieve. In addition, SCAG has assigned to Long Beach over the next five years an even larger number of new low income households than were accommodated over the past five years. Even with the City's best efforts, it is likely in 1994 that more low income households will be unable to afford acceptable housing than in 1989, unless the Federal government reassumes its critical role in housing. For its part, the City intends to assemble over \$22 million in local resources as part of a new Housing Development Fund. Experience indicates that the average cost of providing a housing unit which is affordable by lower income households is \$35,000. When local funds are used in combination with other anticipated programs, such as tax-exempt bond financing and Section 202 financing, it is estimated that this average cost can be reduced to \$20,000 per unit. At this rate, and with approximately 10 percent of the local funding being allocated to the goal of promoting home ownership, a total of 1,000 additional low income households can be assisted over the next five years. In addition, recent discussions with the Navy indicate their intention to construct 450 units on



the West Side and at the Naval Hospital; Cal State Long Beach plans to provide an additional 1,000 beds for resident students, releasing approximately 250 affordable housing units from student use. In total, the target equals 1,700 units.

Goal V: To Address the Special Needs of the Homeless and the Potentially Homeless

Related Policies: The City will coordinate the provision of emergency shelter beds for the homeless, and seek to protect inexpensive transitional housing which serves the once homeless and potentially homeless. Housing alone will not solve the homeless problem, but rather an array of medical, vocational, and other social services is necessary. California law assigns primary responsibility and fiscal resources to its counties to provide these services and the City of Long Beach will continue to support the County's efforts and to augment the efforts with services provided through several City agencies including the Department of Health and Human Services and the Department of Parks and Recreation. In addition, several private organizations in Long Beach offer invaluable services to the homeless. The City will support appropriate grant applications made by these non-profit organizations and will provide coordination between County, City, and private service providers.

Target: 350 emergency shelter beds provided

As discussed on pages 128 through 129, the need for emergency shelter facilities should be based upon the peak demand for such facilities, not upon peak population, since it is neither legally possible nor morally justifiable to "force" the entire homeless population

into shelter facilities. Experience over the past two years indicates a demand for 300 to 350 emergency shelter beds on a very cold night.

Goal VI: To Provide Increased Opportunities for Home Ownership

Related Policies: The City seeks to maintain a balance between owner and renter occupancy. The recent rapid rise in home prices has resulted in a sharp drop in the rate of home ownership and an increase in the average age of first-time home buyers. If this trend continues, moderate income families will not be able to purchase a home in Long Beach but will be forced to seek out home ownership opportunities elsewhere. Absentee ownership of the City's stock of moderately priced houses may result in a decline in both home maintenance and concern for neighborhood character. The City's policy, therefore, will be to provide increased opportunities for home ownership, particularly for moderate income first-time buyers.

Target: 800 new home owners assisted

This target falls far short of the number necessary to reverse the declining trend of home ownership in the City. Nevertheless, the desired target must be moderated by the scarcity of resources available for housing, and the higher priority which must be assigned to the needs of low income renters. Therefore, only approximately 10 percent of the City's Housing Development Fund will be devoted to providing additional assistance to moderate-income first-time homebuyers.

Goal VII: To Insure Fair Treatment and Equal Opportunity for All Households in the Housing Market

Related Policies: Equal opportunity must be a concern throughout all housing programs. The City will cooperate with other levels of government and private agencies to promote the free operation of the housing market without discrimination based upon race, sex, age, religion or other such factors. Tenants who are displaced from their apartments through no fault of their own must be treated fairly. Low-income tenants should not suffer economic hardship as a result of such displacement.

Target: All displaced low income tenants to receive relocation assistance.

This target will be achieved primarily through the City's regulatory powers in granting permits for demolition and condominium conversion. The cost will be placed upon the property owner who is causing the displacement.

#### D. IMPLEMENTATION STRATEGY

The new role for the City in housing demands a new local funding source and a new administrative mechanism. As part of its implementation strategy, the City has established a Housing Development Fund and a Housing Development Company.

##### HOUSING DEVELOPMENT FUND

In September, 1987, the Mayor and City Council established a common fund which pools financial resources from several programs for use in the development of affordable housing. This fund has been designated as the Long Beach Housing Development Fund (HDF) and is expected to consist of approximately \$22.5 million for the five year period.

The Housing Development Fund is primarily derived from the following local funding sources:

- Tax Increment Housing Set Aside

Since 1986, all redevelopment agencies have been required by California Law to set aside in a separate fund and expend not less than twenty percent (20%) of the agency's tax increment revenue to increase and improve the supply of affordable housing for persons and families of low and moderate income, including very low income households. This requirement affects all the redevelopment plans in Long Beach. However, for redevelopment plans approved before 1977, as is the case in Long Beach, the law recognizes that it imposes new requirements on existing redevelopment plans and allows exemptions and reductions in the set aside amounts. For pre-1977 redevelopment plans, agencies may defer their set asides by an amount necessary to allow payment of debt incurred prior to January 1, 1986



and to pay the cost of carrying out programs, projects, and activities approved prior to January 1, 1986.

The deferral for pre-1986 programs, projects and activities expires on July 1, 1996, but the deferral for pre-1986 debt has no expiration date. The redevelopment agency must establish a deficit in its low and moderate income housing fund for any amounts deferred and adopt a plan to eliminate the deficit in subsequent years.

Section 33334.3 of the Health and Safety Code requires that the revenues set aside for housing purposes should be held in a separate Low and Moderate Income Housing Fund until they are used. Interest earned accrues to the Fund, and is subject to the same use limitations as the other monies included in the Fund. The Agency may use Fund proceeds for projects that are either inside or outside the Project Areas and Fund monies must be used to increase and improve the supply of affordable low and moderate income housing.

- In-lieu Fees from Coastal Zone Housing Replacement Program

See the description of this program on page 64. Approximately \$800,000 is expected in in-lieu fees over the next five years.

- Accrued Housing Authority Fees

The Housing Authority of the City of Long Beach administers HUD's Section 8 Housing Assisted Payments Program. Its responsibilities under the

program include disseminating information about the program to potential tenants and landlords, processing applications, determining the proper amount of housing assistance payments, conducting periodic certifications of tenants, inspecting housing units, and enforcing contracts with landlords. As compensation for carrying out its responsibilities, the Housing Authority receives an administration fee from HUD. After paying for expenses associated with administration of the program, the Housing Authority may use the administration fee for any of its authorized purposes, including the development of housing for low and moderate income persons. Approximately \$1 million in accrued Housing Authority fees is available over the next five years.

- Community Development Block Grant Funds

Provision of housing for low income households is an eligible expenditure under the Federal Community Development Block Grant Program. Although this program is already heavily committed to the Intensified Code Enforcement Program, Housing Rehabilitation and Neighborhood Improvement Programs, it is anticipated that approximately \$7.7 million can be allocated to the Housing Development Fund over the next five years.

Whenever possible, the Housing Development Fund will be used as "seed money" or "match" for programs funded by other levels of government and by private agencies. In this way, the local dollars can have maximum impact in providing housing for low income households.

#### HOUSING DEVELOPMENT COMPANY

In January, 1988, the City Council voted to revive a non-profit 501(c)3 housing development corporation known as the Long Beach Housing Development Company (HDC). The purpose of this company is to develop or facilitate development of housing for low and moderate income households.

Non-profit housing development entities contribute several important resources to the production of affordable housing. Both Federal and State programs increasingly reserve a percentage of their funds for non-profit developers. For example, the Federal Low Income Housing Tax Credit requires that 10% of tax credit allocation be given to projects developed or co-developed by non-profits. The State Credit has the same requirement, with priority given to all projects developed or co-developed by non-profits. Some State and Federal programs are targeted for projects developed or co-developed by non-profits and are given more favorable loan terms than for-profit projects.

Non-profit development of affordable housing can more easily permanently remove such housing from real estate speculation. By foregoing the profit motive, a non-profit can commit to the permanent affordability of housing which it develops.

Long Beach will maximize its opportunity to benefit from non-profit involvement in its Housing Development Strategy in two ways:

- o Employ the Long Beach Housing Development Company in a variety of appropriate roles for the production of affordable housing; and
- o Encourage the participation and enhance the capacity of existing non-profit community-based organizations committed to playing a role in preserving and developing affordable housing in the City.



Appropriate interventions for the Long Beach Housing Development Company and community based non-profit organizations will be identified for each of the housing priority areas. As noted above, support from a number of Federal and State programs will be pursued for projects developed or co-developed by these non-profit sponsors.

Among the activities to be pursued by HDC will be the following:

- o Development of housing, independently, and, as appropriate, in association with other for-profit and non-profit developers;
- o Recruitment of corporate equity investors in projects; and
- o Provision of and/or contracting for support services central to the City's Housing Development Strategy. For example, these may include technical assistance and training contracts;
- o Recruitment of financial institution lending commitments for affordable housing; and
- o Issuance of tax exempt bonds by a 501(c)(3) non-profit corporation for the production and/or acquisition of affordable housing. As much as \$150 million in 501(c)(3) bonds may be issued by the City on behalf of the Company under current federal law, without coming under the State volume cap and without requiring approval from the Mortgage Bond and Tax Credit Allocation Committee.



## E. PROGRAMS

Programs which the City of Long Beach intends to utilize to implement its housing goals and policies are described on the following pages. The programs are listed under each of the seven goals of the housing program. As noted earlier, production targets are not specified for each program, since many of the programs must be combined in various ways to achieve the targets set forth for each goal.

Although the mitigation or removal of governmental restraints is not listed as a separate goal, a number of the programs listed under the seven specified goals will accomplish this objective. These programs are Expedited Permit Processing (p.167), Simplified Vesting Procedures (p.167), Waiving Developer Fees (p.179), Density Bonuses (p.175), Conversion from Commercial to Residential Use (p.165), Increased Density in Activity Centers (p.165), Residential Zoning of Vacant Sites (p.166), and Secondary Units or "Granny Flats" (p.178).

Goal I: To Maintain and Improve the Quality of the Existing Housing Stock

### Intensified Code Enforcement

The average age of housing in the City is approximately 35 years, warning of potential problems unless it is vigilantly maintained. Deferred housing maintenance eventually leads to physical deterioration and the existence of one or two deteriorating structures on a block can often lead to more widespread problems. An intensive building-by-building code enforcement program within a specific geographic area can arrest the spread of blight through the repair or demolition of substandard buildings. Through the Intensified Code Enforcement Program, an inspection team systematically examines each building and parcel in a selected target area for violations of

building codes, zoning, property maintenance, housing, health, and fire regulations. The inspectors are trained to coordinate their activities with any assistance programs which are available to help owners bring their properties up to required standards. The City intends to maintain its present high level of effort in this program, involving 11 housing inspectors, 2 clerical support, and one assistant City Prosecutor.

Funding Source: Community Development Block Grant

Responsible Agency: Planning and Building Department

Code Enforcement Strike Force

The City is currently investigating the formation of a Code Enforcement Strike Force. Such a program, aimed at rehabilitating or removing specific structures which have become flagrant blighting influences in the community, would involve several City agencies including the Health Department, Fire Department, Police Department, Planning and Building Department and Public Works Department. By working together, these agencies can target buildings with a wide range of problems such as property maintenance, calls for service, and overcrowding. The Strike Force will focus on those buildings with the highest degree of problems and will aggressively and persistently pursue enforcement of all health, safety and property maintenance regulations.

Funding Source: General Fund and Community Development  
Block Grant

Responsible Agency: Department of Planning and Building  
to coordinate the program

### Housing Rehabilitation Programs

The Federally funded Rental Rehabilitation and Owner Occupied Housing Programs provide grants to local governments to support local efforts to rehabilitate units for low income families. These programs are targeted almost solely to units occupied by low income households in neighborhoods where the median household income does not exceed eighty percent of the area median income.

The first is designed to increase the supply of standard housing affordable to lower income renter households by supplying funds to assist in the rehabilitation of existing units, and to help low income households afford the rents of units in these projects by providing rental assistance. This program matches 50% of the rehabilitation costs up to a maximum of \$5,000 per unit. Additionally, a Section 8 rental assistance certificate is available for each \$5,000 in grant monies. The owner occupied program provides low interest loans up to \$25,000 per low income unit.

Funding Source: U.S. Department of Housing and Urban  
Development

Responsible Agency: Community Development Department

### Section 312 Rehabilitation Loans

The Section 312 Rehabilitation Loan Program provides direct rehabilitation loans from the Federal Government for both rental and homeownership housing. The priority is to owners who will live in the rehabilitated property and whose household income does not exceed 95% of area median income. Maximum loans are \$33,500 per unit, usually for a twenty-year term, with an annual interest rate of three to four percent. Congress has not



appropriated new funds for the program, but HUD still makes loans out of loan repayments and recaptured funds.

Funding Source: U.S. Department of Housing and Urban  
Development

Responsible Agency: Community Development Department

#### State Housing Rehabilitation Loans

The Housing and Community Development Department of the State of California is combining the Special User Housing Rehabilitation Program and the Deferred Payment Rehabilitation Loan Program into one coordinated program which will have in excess of \$150 million available beginning in calendar year 1989. Eligible projects will include the acquisition and rehabilitation of apartments, group homes and residential hotels. Owner occupied homes are also eligible, although the emphasis of the program is on multi-family rental housing. These programs are funded primarily by Proposition 77. Passed by the voters in June of 1988, this proposition authorized the State to issue general obligation bonds for rehabilitation of low income housing.

Funding Source: California Department of Housing and  
Community Development

Responsible Agency: Community Development Department

#### Rebates for Exterior Improvements

An older neighborhood which contains sound housing stock can be visually enhanced by merely repainting and improving the home exteriors. However, many low income homeowners cannot afford the relatively minor costs for this home improvement. In designated Neighborhood Improvement



Areas the City will reimburse qualified residential property owners up to \$2,000 in assistance.

Funding Source: Community Development Block Grant

Responsible Agency: Community Development Department

#### Energy Conservation

Section 25402.3 of the California Public Resources Code appropriates \$2 million to the Housing and Community Department (HCD) for energy conservation and rehabilitation of housing for low and very low income households. HCD will make these funds available to localities and non-profit sponsors. These monies may be used in conjunction with other rehabilitation programs to upgrade and preserve existing low and very low income rental housing. The Housing Development Company will apply for these funds in appropriate situations.

Funding Source: California Department of Housing and  
Community Development

Responsible Agency: Community Development Department

#### Historic Rehabilitation Tax Credits

In certain limited cases, buildings which have formerly been in some other use may be adapted and rehabilitated for housing use. If the building is historic or in an historic district, it may be possible for the City to assist in the adaptive reuse by a developer who can use Federal Historic Rehabilitation Tax Credits to pay for part of the cost of producing affordable housing. Often the biggest obstacle to adaptive reuse of older buildings is bringing them up to seismic safety standards, which can raise rehabilitation costs to infeasible levels. Use of

the Historic Rehabilitation Tax Credit may be a part of the solution to this problem.

Funding Source: Federal tax credits

Responsible Agency: Community Development Department

Goal II: To Provide Opportunities to Expand the Housing Stock through New Construction

Conversion from Commercial to Residential Use

The new Land Use Element of the City's General Plan calls for concentrating construction of new apartments and condominiums along major arterial corridors. In order to do so, underutilized and deteriorated commercial structures must be removed. The recycling of these old commercial properties to carefully designed, quality residential structures will promote better living conditions, promote access to employment centers, and protect stable neighborhoods from intrusion of higher density housing. The Community Development Department will give priority in allocation of Housing Development Funds to projects in these corridors. The rezoning of these corridors should permit construction of over 13,000 units, 4,000 of which are expected to be constructed over the next five years.

Funding Source: City General Fund to support rezoning efforts

Responsible Agency: Planning and Building Department

Increased Density in Activity Centers

The new Land Use Element of the General Plan calls for the concentration of new multi-family housing in proximity to growing employment centers. The results will be decreased travel time and frustration, reduced traffic congestion, less energy consumption and cleaner air. Newly proposed "urban high density" and "high rise" housing districts will redirect growth to the downtown and other employment/activity centers. Zoning is intended to accommodate over 10,000 new units in such centers, 5,000 of which are expected to be constructed over the next five years.

Funding Source: City General Fund to support rezoning efforts

Responsible Agency: Planning and Building Department

Downtown Redevelopment Program

This 421-acre project encompasses the downtown shoreline area and most of the central business district. Its primary goal is to completely revitalize the retail and office center of the City and to provide housing. The retail and office component of the Downtown revitalization project began in 1977, and by 1989 many new landmark buildings are in place. The largest project ever proposed in the City has just received City Council approval. This project offers a mixed use development of retail, office, hotel and residential uses. In December of 1986, the Redevelopment Agency amended the Downtown Redevelopment Plan to provide greater opportunities for housing development. Now that the critical mass of retail and office improvements is well underway, the concurrent improvements in the overall downtown environment should usher in a new decade of housing construction activity.

Funding Source: Redevelopment tax increment

Responsible Agency: Long Beach Redevelopment Agency

Residential Zoning of Vacant Sites

The City will create opportunities for new housing construction on vacant sites suitable for housing by zoning those sites appropriately. The best opportunities for new housing on vacant sites occur in the southeast area of the City, particularly the SEADIP planned development area. Vacant sites outside of activity centers could accommodate over 8,000 housing units, 1,000 of which are expected to be constructed over the next five years.



Funding Source: City General Fund support of zoning efforts

Responsible Agency: Planning and Building Department

Expedited Permit Processing

The City is establishing a consolidated permit center slated to be opened by October, 1989. This permit center will be staffed by members of all City Departments which normally review building plans, so that reviews and comments can be coordinated and expedited.

Funding Source: Private Developers (A 4.7% surcharge on all planning and building fees is being charged to cover the cost of this improved level of service.)

Responsible Agency: Coordinated by the Department of Planning and Building

Simplified Vesting Procedures

The City recognizes that gaining local and public approvals for the development of land can be time consuming, and that during the process and prior to project completion applicable local laws, including zoning regulations, may change. Such changes may place applicants in the approval "pipeline" at considerable economic risk. In order to reasonably reduce that risk while maintaining appropriate opportunities for local agency review and full public input and participation, the City recently established a vesting procedure for the purpose of determining the local laws applicable to a project. This procedure enables an applicant to complete a project pursuant to the provisions of local laws as they existed at the time a vested site plan review was approved. All vesting site plan reviews must be approved by the Planning Commission at a noticed public hearing.

Funding Source: Private Developers (The fee for a vesting site plan review ranges between \$200 and \$1,800, depending upon type of request and additional permits required.

Responsible Agency: Planning and Building Department

Land Assembly Assistance through Eminent Domain

Often times developers find it difficult to assemble enough parcels or lots to build the type of new housing affordable to low-income households the Housing Authority deems desirable. One or two properties who "hold out" for various reasons can result in a poorly designed housing project, or in no project at all. In order to encourage and facilitate the development of new, quality housing projects, the Housing Authority will offer developers assistance in acquiring parcels necessary to assemble a sufficiently large and properly configured site. Such assistance will be offered through the Housing Authority's power of eminent domain. As a prerequisite to this assistance, these projects will be required to include affordable housing units in proportion to the assistance provided by the Housing Authority in site assembly.

Funding Source: None (all costs repaid out of sales price to developer)

Responsible Agency: Housing Authority

Sale of City Land at Below Fair Market Value

Chapter 1604 of the State Government Code permits cities to dispose of surplus property for less than fair market value provided that at least 80 percent of the area is utilized for housing, and at least 40 percent of the housing units are affordable to both low income and very low income households. The Code was recently amended to

allow cities to acquire property and dispose of it at less than fair market value for provision of affordable housing. Although the City of Long Beach owns very little land which it can declare surplus for housing development (one site is listed under vacant sites on page 67), it will investigate the feasibility of acquiring land under this new State authority.

Funding Source: Housing Development Fund

Responsible Agency: Community Development Department

Goal III: To Protect and Preserve those Housing Units which are Currently Affordable to Low Income Households

Protection of Federally Subsidized Housing

It is estimated that 942 Federally subsidized housing units could be lost in Long Beach over the next five years of which approximately 628 are occupied by low income households. Preservation of these affordable units is a top priority. The City will review potential losses on a project-by-project basis, and protect this housing stock through one or more of the following methods:

- o Apply new Federal and State programs which have been proposed, but as yet not enacted (most proposals will require a local contribution, and therefore must be applied in conjunction with the other approaches listed here.)
- o Restructure financing of a project to maintain affordability
- o Buy-down a project so that a for-profit or non-profit owner can maintain affordability.
- o Provide opportunities through zoning for additional market-rate housing to be constructed by the owner of the project to offset losses incurred in maintaining affordability of existing units.

In addition, the City will explore regulatory measures which can assist in preserving the affordability of the project, such as requiring full parking for projects which are converted to market-rate housing, and requiring one-for-one replacement for affordable units lost (similar to the condominium conversion regulations now in place).



Funding Source: Housing Development Fund

Responsible Agency: Community Development Department

One-for-One Replacement of Affordable Housing in the Coastal Zone

The City has adopted an ordinance providing for one-for-one replacement of affordable housing removed by new construction or conversion in the coastal zone. Developers are required to replace affordable housing so removed on site or on sites within proximity of the coast, by new construction, by rehabilitation of substandard units, by subsidy of existing higher-cost units, or by contribution of an in-lieu fee to the Housing Authority which will produce the units. Demolition to make way for construction of a single-family or duplex unit is exempted from the requirement. This program has been very successful in its implementation and will remain intact.

Funding Source: Private Developers

Responsible Agency: Department of Planning and Building,  
Housing Authority

One-for-One Replacement of Affordable Housing throughout the City

The City intends to create a new program which will extend the essential elements of the Coastal Zone program to a City-wide program. Specifically, developers who demolish units affordable to low income and very low income households (moderate income will not be included in the City-wide program) will be required to replace them or to pay an in-lieu fee. Severely deteriorated units will be exempted so as not to provide incentives for continuation of unsafe and unhealthful living conditions.

Funding Source: Private developers

Responsible Agency: Department of Planning and Building,  
Housing Authority

Condominium Conversion Regulation

Chapter 20.32 of the Long Beach Municipal Code requires one-for-one replacement of affordable units lost as a result of condominium conversions. Developers are required to replace affordable housing by either providing new affordable units, rehabilitating off-site units, subsidizing higher cost units or contributing an in-lieu fee. In addition, relocation assistance is required for low and moderate income tenants.

Funding Source: Private Developers

Responsible Agency: Planning and Building Department and  
Housing Authority

Rezone Affordable Neighborhoods to Protect Them

The City has recently completed another cycle of rezonings and is anticipating a new cycle to begin soon after the new Land Use Element is adopted. The neighborhood rezoning process involves intensive citizen participation. Community planners hold a series of neighborhood meetings in each designated area, wherein residents and businesspersons help recommend appropriate changes in zoning policies. The major objective of this program within sound neighborhoods with affordable housing is to reduce permitted development densities to coincide with existing development, so as to discourage speculative purchase and recycling of these affordable units. Although "down-zoning" is often viewed as a device to reduce needed housing construction, in these neighborhoods it is a powerful tool for preserving the affordability of the existing housing stock.

Funding Source: General Fund (Community Planning Program)

Responsible Agency: Planning and Building Department

Protection of Mobile Home Parks

The City of Long Beach has twelve mobile home parks housing approximately 2,224 households. Many of these households are of low or moderate income. Because of concern for the welfare of these families and for retention of the affordable housing which mobile home parks represent, the City has adopted an "RM" zone which is limited to mobile home park use. The land has no value for other purposes unless it is rezoned by the City Council at a noticed public meeting. In addition, the City has enacted a mobile home displacement ordinance which requires mobile home park owners to pay relocation costs or compensation fees to mobile home owners who are displaced.

Funding Source: Private developers pay dislocation fees

Responsible Agency: Planning and Building Department



Goal IV: To Increase Opportunities for Low Income Households to Live in Housing which is Affordable

Direct Local Financial Assistance to Affordable Housing Projects

The City will provide direct financial assistance to developers of affordable housing. Current and future revenues from the Long Beach Housing Development Fund will support this program. The type of assistance provided will be determined on a project-by-project basis, and may include one or more of the following: land acquisition and writedown, land sales and leases, gap and other financing, loan guarantees, and provision of on-site/off-site improvements. It is intended that assistance will be available to both for-profit and non-profit developers, and to both large scale and small scale projects.

Funding Source: Housing Development Fund

Responsible Agency: Community Development Department

Mandatory Inclusion of Affordable Units in Assisted Projects

As a tool to ensure that new affordable housing units are provided and maintained, the City and Housing Authority will require the inclusion of affordable units in all government assisted housing projects. Where financial assistance, fee waivers, revenue bonds, land writedowns or other government subsidies are involved, the City and Housing Authority will require that the recipient of such assistance provide affordable units. The amount of public assistance provided will determine the number of affordable units which must be made available.



Funding source: Private developer (in exchange for public assistance)

Responsible Agency: Community Development Department

#### Density Bonus

The City of Long Beach offers three levels of density bonus as incentives for private developers to build affordable housing:

25% bonus for low-cost housing

100% bonus for senior citizen and handicapped housing

200% bonus for low income senior citizen and handicapped housing

The 25 percent bonus is in compliance with Section 65915 et seq. of the California Government Code. In order to qualify for this bonus density, a developer must provide at least 25 percent of a project's units for low or moderate income households or 10 percent of the units for lower income households.

#### Section 8 Rental Assistance

This program allows qualified low income households to live in standard, private apartments of their choice through a rental subsidy provided by HUD. Low income households are issued certificates or vouchers entitling them to a rental subsidy if they move into a unit of their choice where the landlord will accept such a subsidy. The Long Beach Housing Authority administers this program, certifying qualified tenants and making the monthly rental subsidy payments to landlords. The City currently has 3,464 authorized assistance certificates and vouchers. As in the past, the City will aggressively seek as many

additional certificates and vouchers as HUD will make available.

Funding Source: U.S. Department of Housing and Urban Development

Responsible Agency: Housing Authority

Section 202/Section 8 Housing for the Elderly

This HUD program provides direct mortgage financing to eligible private, non-profit sponsors for housing for the elderly and handicapped. (Handicapped housing will be discussed separately following this program.) Under the Section 202 Program, HUD provides a direct below market interest rate loan to a non-profit corporation and subsidizes the rent in each unit with Section 8 Leased Housing Assistance Payments. Tenants pay no more than thirty percent of their income for rent. Thus, participation in Section 8 rental housing programs is automatic for these units. As necessary, the City is prepared to provide local assistance to new 202 projects to aid with land assembly and other start-up costs. The extent of City participation will depend upon the availability of money and upon a thorough pro-forma analysis for each project to determine actual need.

Funding Source: U.S. Department of Housing and Urban Development

Responsible Agency: Community Development Department

Housing for the Handicapped

As discussed above, the Section 202/Section 8 Program provides units for the handicapped as well as the elderly. The City's bonus density program also offers developers of handicapped housing a bonus ranging from 100 to 200

percent. In addition, the City Building Code requires all newly constructed privately funded apartment houses containing five or more units to be accessible to the handicapped in terms of entry and circulation, and to be designed and constructed in a manner that the units can be adapted to meet the needs of a handicapped person. Units which are a story above or below grade without an elevator or ramp access are exempted from these requirements.

#### University and Navy Housing

The City will continue to work with Cal State Long Beach and with the Navy to encourage and to assist these State and Federal agencies to provide sufficient housing to serve the demand which they create within the community. With regard to the University, the City will give special attention to providing opportunities for all fraternity and sorority houses to be located on or near campus rather than in existing neighborhood housing. With regard to the Navy, the City will urge that increased quarters for Navy personnel be constructed as part of the existing complex on the Westside and in conjunction with the Naval Hospital on Carson Street.

#### Tax Exempt Bond Financing

Local government agencies are authorized by Federal and State law to issue tax-exempt bonds for both rental and owner-occupied housing purposes. The Internal Revenue Code of 1986 contains a set of complex rules regarding the amount of tax-exempt bonds which can be issued, the uses of the proceeds and the requirements regarding affordability.

Funding Source: Sale of tax exempt bonds

Responsible Agency: Community Development Department



### Taxable Bond Financing

Because of the many restrictions placed on the issuance of tax-exempt bonds and the narrowing of the spread between tax-exempt and taxable rates, the City will consider the issuance of taxable bonds where appropriate. Bond proceeds could be used to help finance moderate income developments or to acquire land and sell it for less than its acquisition cost to low and moderate income housing developers without compliance with the many Federal tax rules which apply to tax exempt bonds.

Funding Source: Sale of taxable bonds

Responsible Agency: Community Development Department

### Secondary Units or "Granny Flats"

Since 1983, the City zoning ordinance has allowed attached secondary units as an accessory use in all "R-1" zones and any other zone where the parcel is now occupied by a single-family house. Under the standards that were established, the units must be clearly secondary to the principal use. Allowing secondary units can benefit low income elderly persons seeking small units. It provides new income for the homeowner and it can potentially provide companionship and supportive services for the elderly tenant. Few secondary units have been built thus far through this program. The Community Development Department, in conjunction with the Planning and Building Department, will test a pilot program to assist property owners wishing to create second units. The City will also work with the Board of Realtors to make this program better known to property owners.

The City has received considerable requests to permit detached secondary units on R-1 single family lots. This approach is not recommended since it would, de facto,



convert all R-1 districts to R-2 (duplex) districts. The City will, however, give consideration to creation of a new R-2 zone which would limit the second unit on a lot to a secondary unit. Such a zone might be appropriate for those neighborhoods which are being considered for dezoning from R-2 to R-1, where it would continue to provide opportunities for new small affordable units while protecting against high density duplex development.

Funding Source: City General Fund through zoning administration

Responsible Agency: Planning and Building Department

#### Waiving Developer Fees

The City has recently adopted an ordinance which requires developers of new residential units to pay a Park and Recreation Facilities Impact Fee which averages \$2,091 per unit. This fee is being assessed to help pay for new park facilities and improvements necessary to support housing development throughout the City. In order that this fee not become a discouragement to construction of affordable housing, units built for low income households are exempted from this fee.

Funding Source: City General Fund (to make up for uncollected fees)

Responsible Agency: Planning and Building Department,  
Parks and Recreation Department

#### Federal Low Income Housing Tax Credit

This housing program is authorized by the tax code rather than by housing legislation. The federal low income housing credit enacted by the Tax Reform Act of 1986 provides a credit that can be claimed annually for ten years. To qualify for the credit, the owner of the

housing project must either set aside at least 20% of the housing units for individuals with incomes of 50% or less of the area median income, or he must set aside at least 40% of the units for individuals with incomes of 60% or less of the area median income, adjusted for family size. The rent charged for those units cannot exceed 30% of the qualifying income limitations adjusted for the size of the family occupying the unit. The project must meet the set-aside and rent requirements for a 15-year compliance period.

Funding Source: Federal Government Tax Credit

Responsible Agency: Community Development Department

California Low Income Housing Tax Credit

The State Low Income Housing Tax Credit program is modeled after its federal counterpart with some exceptions, the most important being:

1. The credit period under the State law is four years, and the amount of the credit for all projects (regardless of whether or not "federally" subsidized) will total 30% over the credit period.
2. The amount of return an investor in a low income housing project can receive is limited to a cumulative cash return of 8% on cash invested in the project. Any other net cash flow must be used to reduce the rents or increase the number of low income units. The Federal credit does not restrict the return an investor may receive.
3. The compliance period for the set aside and rent requirements is 30 years (15 years longer than the federal compliance period).

Funding Source: State of California tax credit

Responsible Agency: Community Development Department

Rental Housing Construction Program

The State Housing and Community Development Department provides funds which function as long term subsidies for projects which are developed for low and very low income persons. Established in 1980 and originally funded with over \$80 million, the Rental Housing Construction Program (RHCP) will be re-funded with over \$200 million from Proposition 84 which was passed by the voters on the November, 1988 ballot. Loans are made primarily for new construction projects through the application of local governments. To be eligible for assistance under the RHCP, at least 30% of the units must be made available to low income households, and at least 20% must be made available to very low income households at affordable rents. Funds from the RHCP are usually provided to projects through 30 year deferred loans accruing interest at 3% annually.

Funding Sources: California Proposition 84

Responsible Agency: Community Development Department

Predevelopment Loans

The State Housing and Community Development Department provides predevelopment loans to local government agencies and non-profit corporations. The loans are usually for no more than three years and bear deferred interest at 7%. The proceeds of the loan can be used for a variety of activities, including purchasing land, land options, and payment of consultant, legal, and financing fees.

Funding Source: California Proposition 84



Responsible Agency: Community Development Department

#### Shared Housing

Shared Housing for the elderly could be a cost effective, efficient method to provide affordable housing for seniors. Shared housing arrangements involve placing two or more individuals in a shared living arrangement, essentially as joint or live-in tenants. Frequently, a senior may be overhoused, burdened by maintenance and property tax expenses, lonely, and needful of supportive services. Arranging a suitable live-in tenant, or joint tenancy arrangement in another dwelling, can satisfy all of these needs. The tenant may pay rent to the elderly homeowner, assisting in the maintenance and costs for the housing. The tenant can provide invaluable companionship to the senior, frequently assisting in meeting daily needs for food, transportation or other rudimentary services. The City will explore the role of operating a shared housing program in conjunction with the responsibilities of the Long Beach Housing Development Company and/or another non-profit organization.

Funding Source: Housing Development Fund

Responsible Agency: Community Development Department  
through the Housing Development Company

#### Reverse Annuity Mortgages

These mortgages, as their name implies, provide cash payments to elderly homeowners who have substantial equity in their homes but few cash resources. Depending upon rates, terms and the equity value of the home, homeowners may qualify for \$200 to \$2,000 per month in payments. Operated by private lenders, these loans have not been widely available in California. First Nationwide Bank has perhaps been the most active lender in this program in



California, making 238 loans since 1981. However, several other lenders have recently announced a reverse annuity mortgage (RAM) program for California. Additionally, the Federal Housing Administration (FHA) is contemplating a similar program. There is much room for potential abuse of RAM programs. Without sufficient financial counseling, seniors may suffer from very high interest rates, fees and equity taking provisions of RAM programs. The City, in conjunction with appropriate social service agencies, will assist in providing expert counseling to seniors contemplating participation in RAM program.

Funding Source: Private Lenders

Responsible Agency: Community Development Department

Goal V: To Address the Special Needs of the Homeless and the Potentially Homeless

Homeless Coordinator

Upon recommendation of the Homeless Task Force, the City has established the position of Homeless Coordinator. The purpose of this office is to provide coordination between City agencies and public and private organizations serving homeless persons. In addition to developing new programs and pursuing non-governmental funding sources, the Homeless Coordinator will also serve as liaison to County offices responsible for the distribution of Federal, State and County resources to the homeless.

Funding Source: City General Fund

Responsible Agency: Department of Health and Human Services

Emergency Shelter Beds

As reported in Section III of this housing element, local organizations provide 224 beds. When supplemented with the County's cold weather program which provides approximately 300 voucher spaces on very cold nights, there is enough emergency shelter to meet the existing demand of our homeless population. (An additional 250 spaces are provided in the National Guard Armory, however these spaces may be unavailable on certain nights.) The City will continue to use its resources to help maintain an adequate number of emergency shelter beds.

Funding Source: Federal, County, City and private contributions

Responsible Agency: Department of Health and Human Services

### Support Services for the Homeless

A resource guide developed by the Long Beach Area Coalition for the Homeless identifies twelve agencies and organizations which provide services to the City's homeless including legal services, food and shelter, counseling and mental health services, employment and vocational services, health education and medical services, information and referral services, senior services, recreation, substance abuse services, transportation, and service to disabled homeless persons. Some of these services are provided directly through government agencies; other services are provided by private organizations which receive government funding. While an array of services are offered, the level of demand is increasing and many local providers report that existing demand already exceeds their capacity to provide the services listed above. Mental health service providers are especially concerned with the proposed closures of Los Angeles County mental health clinics which will result in the transfer of hundreds of additional outpatients to the already overburdened Long Beach Mental Health Clinic.

Funding Source: Federal, County, City and private contributions

Responsible Agency: Department of Health and Human Services

### First and Last Month's Rent - Revolving Loan Program

Low income renters must contend not only with affording both their monthly rent, but also with the entry deposits consisting of first and last month's rent and a security or cleaning deposit. Often, these entry deposits amount to more than \$1000. Although they may be able to meet

their monthly rent obligation, a large number of very low income tenant families in Long Beach do not have the cash on hand required for entry deposits. The City will study a pilot program to assist families who find apartments with affordable rents, but who cannot afford the entry deposits required. The program will operate on a revolving loan basis, which makes first and last months' rent and security deposits available to very low income family renters. The City may solicit matching contributions to the revolving loan fund from corporate, foundation, and other sources. Eligibility requirements and maximum loan amount will be established by the City.

Funding Source: Housing Development Fund

Responsible Agency: Community Development Department



Goal VI: To Provide Increased Opportunities for Homeownership

"Sleeping Seconds"

This program provides a deferred loan for home buyers who cannot afford the full cost of a house. The amount of the first loan (which the buyer obtains through a conventional lender or through a low interest loan program) is calculated so as to be affordable to the buyer. That portion of the housing cost which is beyond the buyer's financial means is then covered by a deferred second loan.

Funding Source: Housing Development Fund

Responsible Agency: Community Development Department

Shared Equity

Under equity sharing, the City subsidizes a percentage of a home's original cost, and is thereby owed a portion of any appreciated value of the home received by the owner at the time of resale. The City's share of appreciation is based on the percentage of the home's original cost which was subsidized with City Funds. Equity sharing agreements are usually enforced by a note and deed of trust, but may be part of a recorded or unrecorded agreement.

Funding Source: Housing Development Fund

Responsible Agency: Community Development Department

Mortgage Revenue Bonds

This program uses tax-exempt revenue bonds to offer low-interest mortgage loans to first time home buyers who have difficulty obtaining conventional financing. The City issues tax-exempt revenue bonds, the proceeds from which are then used to make low interest mortgage loans through

approved private lenders. The bonds are serviced and repaid from the mortgage payments made by the property owners.

Funding Source: Sale of mortgage revenue bonds

Responsible Agency: Community Development Department

Federal Housing Administration Graduated Payment Mortgage Program for New Homeowners

The Graduated Payment Mortgage (GPM) program facilitates early home ownership for households that expect their incomes to rise by insuring loans that allow home owners to make smaller monthly payments initially and to increase their payment size gradually over time. Two GPM plans are restricted to first time home buyers or buyers who have not owned a home in at least three years. The first plan provides for increasing mortgage payments for a period of 10 years at a rate of 4.9% per year. The second plan provides for increasing mortgage payments for a period of 5 years at a rate of 7.5% per year. Eligible property is limited to new or substantially rehabilitated housing.

Funding Source: Federal Housing Administration

Responsible Agency: Community Development Department

Federal Housing Administration/Veterans Administration Foreclosed Housing

The City will develop a program in conjunction with the Federal Housing Authority and the Veterans Administration which would allow the City a right of first refusal on any house that becomes available through foreclosure. The City will direct such homes, if affordable, to people participating in the City program for first time home buyers.

Funding Source:  FHA/VA, Housing Development Fund

Responsible Agency:  Community Development Department

Matching Downpayment Program (California Housing Finance Agency)

To provide home ownership opportunities to families at or below the median income, the California Housing Finance Agency operates a Matching Down Payment Program (MDP). The matching funds are available in targeted areas of the City and are limited to \$5,000 per unit. The purpose of the program is to help pay closing costs or to increase the downpayment in order to reduce monthly payments. The MDP loan is recorded as a second loan, accruing 3% simple interest. The loan is due and payable only upon the sale or refinancing of the house.

Funding Source:  California Housing Finance Agency

Responsible Agency:  Community Development Department

Goal VII: To Insure Fair Treatment and Equal Opportunity for All Households in the Housing Market

Support Fair Housing

Since 1969, the City has contributed funding annually for most of the operating costs of the Fair Housing Foundation of Long Beach, a non-profit organization created for the express purpose of aiding individuals who have been confronted by illegal housing discrimination practices. The Fair Housing Foundation works to resolve complaints from tenants as well as landlords. The City will continue to support this effort.

Funding Source: Community Development Block Grant

Responsible Agency: Community Development Department

Relocation Assistance for Displaced Tenants

The City intends to create a new program which will require developers and property owners to assist tenants who are displaced through demolition of their units, or through code enforcement activity. Relocation payments not to exceed \$2,500 per household will be made to low income and very low income tenants who are displaced through no fault of their own.

Funding Source: Private Developers/Property Owners

Responsible Agency: Department of Planning and Building,  
Community Development Department





TABLE 51

## SUMMARY COMPARISON OF NEEDS AND TARGETS

Provision of Housing to Accommodate Growth:

	<u>Need</u>	<u>Target</u>
Low income:		1,000 new assisted
		450 Navy
		250 University
		950 not demolished or
		replaced
	4,868 units	2,650 units
Moderate income:		
	2,848 units	7,000 private market units
Upper income:		
	5,701 units	2,000 private market units
Total:	13,417 units	11,650 units

Correction of Physical Deficiencies:

	<u>Need</u>	<u>Target</u>
Substandard units		
Rehabilitatable	5,053	4,000 rehabilitated
Non-rehabilitatable	1,435	300 demolished

Threats to Existing Affordable Units:

	<u>Need</u> <u>Potential Units Lost</u>	<u>Target</u> <u>Units Saved</u>
Loss of Federal subsidies	942	628
Demolition (including SRO loss)	950	950*
Condominium conversion	300	300
Total	2,192	1,878

Assisting First Time Homebuyers:

	<u>Need</u>	<u>Target</u>
New homebuyers assisted	Unknown	800

Special Needs of the Homeless:

	<u>Need</u>	<u>Target</u>
Homeless seeking temporary shelter	300-350	350 beds

Residual Affordability Gap:

Low income households (LIHH) paying more than 30% for housing

1989 LIHH overpaying for housing	38,559
1989-1994 increase in LIHH allocated by SCAG	+4,868
1989-1994 LIHH to be assisted	-2,650
1994 LIHH overpaying for housing	40,777

\* Units saved from demolition are also included in target for provision of housing to accommodate growth because this need, as allocated by SCAG, includes an estimate of affordable units to be demolished.



## VI. APPENDICES





## APPENDIX A

### Studies, Reports and Documents Utilized in Preparing the Housing Element

The following materials have been utilized in the preparation of this Housing Element. Copies of each are available for public review in the offices of the Department of Planning and Building, 4th Floor, City Hall. These documents are incorporated into the Housing Element by reference.

Book Publishing Company (for the City of Long Beach). Long Beach Municipal Code Volumes I,II and III Title 21. Long Beach, CA 1988.

Castaneda and Associates. "SRO Survey for the City of Long Beach". Long Beach, CA. March, 1989.

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Southern California Association of Governments. City of Long Beach: An Examination of Demographic, Employment and Housing Trends. Los Angeles, CA. June, 1988.

Southern California Association of Governments. Regional Housing Needs Assessment for Southern California. Los Angeles, CA. June, 1988.

*Codified Policy*  
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# EXHIBIT A-1

## CITY OF LONG BEACH HOUSING ELEMENT AMENDMENT #2 PRESERVATION STRATEGY

### INTRODUCTION

California State law, Section 65583 of the Government Code, requires that the Housing Element be amended to include an analysis and program for preserving existing assisted housing developments that are eligible to change to non-low-income uses in the next ten years due to the termination of subsidy contracts, mortgage prepayment, or expiration of use restrictions.

This amendment incorporates strategies to give the owner information and assistance to prepay or to stay-in the housing development and to give the residents information so that both may explore their options. If the owner elects to sell, the residents may desire to acquire their development. They may elect to condominiumize the building or maintain it as a rental building. A non-profit organization may work with the residents to acquire their development and rent the units to them at affordable rates.

This amendment has been completed to address the Government Code requirements, it includes the development of a strategy to preserve this affordable housing stock for lower-income residents, which is recognized to be an important and necessary public good. Attached is the Preservation Strategy, this addendum discusses each of the sections in more detail.

### HOUSING ELEMENT AMENDMENT

In 1991 State housing law was amended to require the inclusion of a housing preservation component in local Housing Elements. This component requires identification of multi-family rental units at risk of losing affordable use restrictions and formulation of a strategy for preserving their affordability. Specifically, the law requires: "An analysis of existing assisted housing developments that are eligible to change from low-income housing uses during the next ten years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use."

"Assisted housing developments" are those which receive or have received government assistance under federal, state and/or local programs. Multifamily revenue bond programs, local redevelopment programs, federal Community Development Block Grant programs, local in-lieu, incentive or inclusionary housing programs and density bonus programs qualify as "assisted housing" programs, wherein affordable units constructed or assisted under these conditions must be analyzed for preservation purposes. The analysis includes developments which have received project-specific assistance. Section 8 Tenant-Based Assistance is not part of this analysis.



The preservation requirements under Housing Element law are comprehensive in nature. The analysis must consider a ten year period (with two five year subsets) and include the following components:

- o An inventory of units which are at risk of losing their use restrictions;
- o A cost analysis comparing preservation of at-risk units with replacement to determine which is the more economical and viable alternative;
- o An analysis and estimate of resources available for preservation which considers entities with the capacity to acquire and manage the units, and all potential public financing and subsidy programs;
- o A comparison of the estimated costs of preserving at-risk units with the estimated amount of funds available to accomplish the preservation;
- o A statement of the community's goals, quantified objectives, and policies relative to the maintenance, preservation, improvement and development of housing; and
- o A set of specific programs for preservation of at-risk units which uses all the financing sources identified earlier except where the City has identified other, more urgent needs.

All of these items and more are contained within this Amendment and its supplemental document "Preservation Strategy for Affordable Housing Units". Additional detail is contained in the City of Long Beach's 1989 Housing Element.

#### BACKGROUND

The affordable housing stock in question is primarily HUD subsidized developments eligible for prepayment. In the 1960's and 1970's, several widely-used HUD loan and rental assistance programs provided owners the opportunity to convert their assisted affordable units (without HUD approval) to unrestricted uses after a 20-year period, or to option out of rental assistance contracts prior to the full contract time.

These programs also provided for termination of affordable rent restrictions upon the final expiration of the mortgage or rental contract, regardless of the entity holding ownership.

The latter half of the 1980's saw both the state and federal levels of government focus much attention on the issue of protecting these at-risk units. Government studies estimated that by the year 2000 nearly half a million such units nationwide, including as many as 117,000 in the State of California would have the affordability provisions of their contracts expire and could then go to market rate. In the City of Long Beach, within the next ten years, there will be over 1,000 units at-risk of losing their affordability. The loss of these units can cause substantial rent increases that may result in the displacement of low income renters, overcrowdedness, and increasing homelessness. To preclude this condition, new federal and state laws were enacted. Below is a summary of the legislation enacted for the preservation of at-risk affordable units.

#### HOUSING PRESERVATION LEGISLATION

The realization that hundreds of thousands of housing units could be removed permanently from the affordable housing market and their low income occupants displaced stirred Congress to pass new federal legislation to address this need. All at-risk developments fall under one of these federal laws, either the Emergency Low Income Housing Preservation Act (ELIHPA) or the Low Income Housing Preservation and Resident Homeownership Act (LIHPRHA).

The intent of the Emergency Low Income Housing Preservation Act of 1987 (ELIHPA) was to provide interim measures to prevent the loss of low income housing and irrevocable displacement of tenants. ELIHPA applies to all projects financed by a mortgage insured under specified HUD programs and in which its contract or regulation were in effect before February 5, 1988 and eligible to prepay without HUD's consent by February 5, 1989

These federal laws require extensive noticing of intent to sell to both HUD and the residents whether or not federal assistance is utilized for the preservation of these at-risk units. In October of 1990, the National Affordable Housing Act was passed by Congress. ELIHPA, which became Title II of this Act, has been left as an option for owners falling within its parameters. It was intended to be a stop-gap measure until the prepayment situation could be adequately appraised and permanent legislation formulated. The permanent legislation is LIHPRHA, Title VI, of this Act.

The general rule under ELIHPA is that an owner may prepay a mortgage only in accordance with a Plan of Action approved by HUD. For a Plan of Action to be approved under ELIHPA, the owner must show that tenants in the project will not be adversely affected and that an adequate supply of affordable, decent housing exists in the area.



In the case of Long Beach, Parwood Apartments appears to be the only project to fall under the provisions of ELIHPA. The owner filed Plans of Action for Phase I and Phase II and has been granted preliminary approval of them by HUD.

The Low Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) offers owners eligible for prepayment three options: prepay; extend affordability restrictions in exchange for possible financial incentives; or sell the project to a qualified purchaser with incentives to preserve the project as affordable.

Under LIHPRHA, the Federal Government has made a substantial financial commitment to preserving at-risk units that have been federally-assisted on a project-specific basis. LIHPRHA provides for: 1) increased residual receipts accounts; 2) moderate rent increases; 3) flexible, subsidy rehabilitation loans; 4) 241(f) capital improvements and acquisition loans; 5) Section 8 assistance; 6) redirection of Section 236 interest rate reduction to a second mortgage; 7) reimbursement for transaction expenses; and 8) grants to Priority Purchasers of projects which exceed the federal cost limits to make up the gap between the preservation value and the incentives available up to the federal cost limits.

If the owner elects to sell, tenant groups and nonprofit entities with tenant support have six months in which to make an offer to purchase without competition. Following that period to the end of 12 months, each of these groups plus any public agencies may negotiate to purchase the property. Once this period has expired, anyone who agrees to maintain affordability restrictions on the project for its remaining useful life can negotiate with the owner to purchase.

#### AT-RISK UNITS IN LONG BEACH

In the City of Long Beach, 17 assisted developments containing 1,068 dwelling units are at-risk of being permanently lost to the affordable housing stock by June of 1999. These developments and their current status are listed on Table 1 (attached).

The estimated construction, replacement costs and preservation costs for the assisted units at risk of losing their affordability between fiscal year 1989/90 and fiscal year 1998/99 are summarized below. Over the ten-year period, aggregate replacement costs (costs to build comparable new units) equal \$93 million or \$87,079 per unit, while aggregate preservation costs (costs to acquire and rehabilitate the units) equal \$67.4 million or \$63,109 per unit. This means that preserving the existing affordable housing stock is a much more cost-effective strategy than replacement through new construction, at an estimated savings of \$25.6 million or \$23,970 per unit. Below is a table summarizing these costs within two five-year periods.

Attached are Tables 2, 3, 4, 4A, and 4B which provide additional data on these aggregate figures. Table 2 lists the estimated replacement and preservation costs by project. Table 3 illustrates the assumptions in calculating the replacement development costs of these at-risk units. Tables 4, 4A, and 4B provide a breakdown of the preservation costs by acquisition, rehabilitation, and financing expenses termed as "soft" costs. Table 4 and 4A analyze these costs for all at-risk units. Table 4B analysis the entire project including both restricted at-risk units and market rate units.

To further clarify assumptions in calculating figures listed in Tables 4, 4A, and 4B the following explanation is provided on acquisition, rehabilitation, and soft costs. To derive the acquisition costs, the estimated unrestricted fair market value was calculated by using the "income" approach. Estimated fair market rents (unrestricted) for these units were used in the "income" approach whereby net operating income is capitalized to determine the fair market value. The estimated rehabilitation costs in these tables equal conversion costs which include actual rehabilitation costs, increased parking, lost rental income during rehabilitation, and legal fees. The soft costs or financing expenses are estimated at 3% of acquisition and rehabilitation costs.

Comparison of Preservation and Replacement Costs  
At-Risk Units of Expiring between FY 1990 and FY 1999  
City of Long Beach  
(1991 Dollars)

	<u>Replacement</u>	<u>Unit Cost</u>	<u>Preservation</u>	<u>Unit Cost</u>	<u>Difference</u>	<u>Savings Per Unit</u>
FY 1990-1994	\$24.3 million	\$79,934	\$15.0 million	\$49,342	\$ 9.3 million	\$30,592
FY 1995-1999	<u>\$68.7 million</u>	\$89,921	<u>\$52.4 million</u>	\$68,586	<u>\$16.3 million</u>	\$21,335
Total	\$93.0 million	\$87,079	\$67.4 million	\$63,109	\$25.6 million	\$23,970

The projects assisted with bond proceeds contain units renting at both market and restricted rates. Therefore, the cost to purchase entire projects could exceed the total preservation costs listed because it may include unrestricted units as well. See Table 4B (attached) for the analysis on total project acquisition costs for projects listed by program/type as "Bond". The estimated cost to acquire, rehabilitate, closing costs, and estimated conversion costs for all the projects in the same ten year period is \$103.6 million including restricted and non-restricted units.



Preserving these units as ownership opportunities for the current very low-income residents of HUD 236 and 221 (d)(3) assisted housing developments would require substantial subsidy. Without such assistance, homeownership of these units as condominiums would be unaffordable to these very low-income households. (Very low-income households are households with incomes below 50% of Los Angeles County median income as designated by HUD.)

An analysis of homeownership costs for projects under the HUD 236 and 221(d)(3) programs show the percentage of income to go to homeownership would range from 50% to 84% of household income. Housing costs are considered affordable when they do not exceed 30% of a household's income. If the current rents exceed 30% of the household's income, HUD pays the difference. A household is considered cost burdened when they pay more than 50% of their income for rent. Proportionately, this is an exorbitant amount of a lower income family's budget, leaving very little for other basic needs.

Please see attached Tables A and B for breakdown by project and assumptions in calculating homeownership costs; listed below is a comparison of averages.

Comparison of Average Current Rents, Market Rents,  
& Mortgage Costs to Lower Income Residents  
of Federally-Assisted Developments / HUD 221(d)(3) & HUD 236  
Projects at Risk of Expiring Between FY 1990 and FY 1999  
(1991 Dollars)

	Avg. Current Rents	Avg. Sales Price	Avg. Monthly Cost to Buy	Avg.Est. Monthly Household Income	Avg. Percent of Income to Buy
FY 1990-1994	\$368	\$45,523	\$533	\$817	65%
FY 1995-1999	\$452	\$62,238	\$691	\$1,044	66%

It should be noted that an expenditure of 30% of gross income is considered "affordable" for housing cost purposes.

#### PRESERVATION POLICY OBJECTIVES

The Preservation Policy Objectives are in keeping with stated City policy. The goals of these objectives are to maintain the affordability of these units for its current lower income residents, to prevent or minimize displacement of current residents, and to facilitate homeownership opportunities to these residents. The following is a list of policy objectives related to these at-risk units:

- o Preserve the existing affordable housing stock for the useful life of property (Housing Element Goal III); and
- o "Long Beach views its existing housing stock as its greatest resource of affordable housing, and will stimulate and support continued maintenance and reinvestment in that housing stock. Long Beach will take advantage of every available State and Federal program to make its housing affordable to its population." (Long Beach 2000: Strategic Plan)
- o Where preservation is not possible, negotiate anti-displacement policies and/or relocation mitigation with the owner to supplement the displacement provisions contained in the City's new affordable housing ordinance which provides \$2,500 per displaced household and an 18-month noticing period. Negotiations will seek to minimize the displacement of current tenants and extend the phase-in period for rent increases.
- o Inform and educate the tenants of at-risk projects about preservation programs and legal requirements (i.e. inform tenants of the importance of their input to HUD regarding rehabilitation needs and provide them with referrals to other agencies which can assist).
- o Inform residents of options available to them to acquire their development. These options range from purchasing of their development by forming a non-profit corporation, condominiumizing their units, or having another established non-profit purchase it and rent it back to them.

#### PRESERVATION PROGRAMS AND ACTIVITIES

Preservation programs and activities are to assist residents and owners to make informed decisions in compliance with Federal law. The City will undertake several actions to assist in preserving the affordability of at-risk units applying to both rental and homeownership programs. These are:

- o Develop and distribute a package of information for tenants in at-risk projects (e.g., description of the process, possible outcomes, tenant options and rights, possible rent increases, relocation, purchasing options and opportunities);
- o Identify additional nonprofit organizations and/or develop the capacity of nonprofits and/or tenants to purchase and manage their developments; and



- o Each year, develop a plan for the next fiscal year, reviewing the types and numbers of projects coming eligible and budgeting accordingly.

The City's efforts to preserve a specific project will begin 25 months prior to the prepayment or termination date. This time frame coincides with provisions in the most recent law which allows the owner of an eligible project to submit a Notice of Intent to prepay, continue operations with incentives, or sell, up to two years prior to prepayment or termination.

Owners may file a Notice of Intent at any time during the two-year period up to the applicable date. An owner desiring information on the programs and options available to them will be provided assistance.

The City will initiate its preservation activities 25 months before the termination date. The City will allow itself adequate time to gather relevant information to identify any problems or issues with developments, to discuss options with owners and tenants, to assess the need for local financial assistance and assemble financing if necessary, or to provide tenant education as required.

#### LIHPRHA-Eligible Developments

Developments that are subject to the Low Income Housing Preservation Resident Homeownership Act (LIHPRHA) are eligible for LIHPRHA funds. These at-risk developments have received project-specific federal assistance and include programs such as HUD 236 and HUD 221(d)(3). Assuming the federal government appropriates the proposed funding amounts for LIHPRHA, the actions to assure preservation of these at-risk developments will be fairly straightforward. These are:

- 1) If the owner chooses to stay in with incentives, the City will be involved in the development of the Plan of Action to ensure local concerns are addressed;
- 2) If the owner elects to sell, the City will assist in identifying a qualified buyer and resources of available subsidy. The tenants may elect to be the buyer in such a transaction.

The local subsidy requirements will be minimal if LIHPRHA is fully funded. The City will make every effort to preserve the resident affordability of at-risk units within reasonable and efficient cost levels.

The potential cost to the City to maintain the affordability of at-risk units for the current residents increases dramatically, if federal programs are not funded or used. If this occurs, the City

will compare the economic characteristics of at-risk projects to determine the most effective use of available resources, and will make every reasonable effort to preserve the maximum number of units possible.

If the owner elects to sell, it is emphasized that the choice of program to be used and type of project (rental or homeownership) will be the residents' choice given their circumstances. Resident groups at each development must receive data, review their options, evaluate their personal finances and affordability levels, and determine their proposed financing resource package in order to enable them to make informed decisions.

## Section 8 - Project-Based Developments

Project-based Section 8 developments do not have other forms of assistance and serve very low income tenants. There is little incentive for these projects to convert at the present time because Section 8 rents are currently at or above market rents for Long Beach. If the owner indicates an interest in selling, the City will assist in identifying a buyer for this project and in raising necessary subsidies.

## Bond-Assisted Developments

The bond projects serve a mix of tenants with low and moderate incomes, rather than very low incomes; at least 20% of the units must be set aside for lower income households. The restricted rents in bond projects are closer to market rent than the federally assisted projects. The impact on the tenants of losing this type of indirect subsidy would be less severe. Conversion to market rents is essentially automatic for the bond projects. Estimated subsidy requirements to purchase the projects if they are sold vary; the acquisition costs are quite high for some projects. For these projects, a more cost effective measure may be to provide incentives, such as tenant rent subsidy assistance. The City will identify those instances and programs where preservation is cost-effective.

For the mixed-income bond projects with market-rate units, the City will develop programs to either acquire only the assisted units, negotiate restrictions and covenants to ensure long-term affordability of these units, acquire or assist residents to acquire entire projects where the owners wish to sell, or develop incentives to maintain affordability of restricted units.

The City will also identify incentives that could be offered to owners willing to maintain affordability restrictions. Where preservation costs are very high, allowing the project to convert and replacing the affordable units through acquisition of other existing units in the City may be more cost-effective than



preservation. If the units lose their affordability and convert to market rate, the City will seek to reduce the impact on current tenants, to replace the loss to the affordable housing stock through the acquisition of other less costly developments, or assist residents in purchasing their developments.

The City's Department of Community Development is responsible for the implementation of these preservation activities. Other preservation activities as outlined in this Housing Element require the assistance of other City Departments. The City of Long Beach recognizes the importance of this affordable housing stock. Its departments will work together for an effective implementation of its Preservation Strategy.

## FUNDING SOURCES

### Federal

Federal funding will be provided for eligible developments previously assisted with federal monies. The owner and/or tenants are eligible for this funding source. Either party could be the applicant for such funding, not the City.

Availability of federal funding for acquisition, rehabilitation, and equity loans under Title VI of the National Affordable Housing Act will depend on federal funding appropriations over the coming years. During FY 1992, Congress appropriated \$618 million in funds for Title VI. For FY 1993, the administration has authorized \$1.6 billion for Title VI. HUD originally estimated a need for \$2 billion during FY 1993. However, Congress may reduce funding due to the possible carry-over of unspent funds from FY 1992.

Another source of federal funding is the new Homeownership Opportunity for People Everywhere (HOPE) program. Nonprofit housing corporations and tenant associations are eligible to apply for HOPE funds to purchase federally assisted at-risk projects financed by programs such as HUD 236 and 221(d)(3). The HOPE program provides for two types of assistance, a Planning Grant and an Implementation Grant. The Planning Grant is to provide technical assistance to a resident association and to determine the financial feasibility of converting the project to homeownership. The Implementation Grant provides funding for land acquisition, rehabilitation, and other items. The HOPE program is a competitive fund. Long Beach entities eligible to apply would have to compete with other communities for funding.

The HOME and CDBG programs are discussed in the local funding source section of Exhibit A-2. These are federal monies but allow local discretion in funding decisions within the program regulations.

## State

Availability of State funding to assist in the preservation of at-risk housing developments will be reliant upon 1) the allocation of Low Income Housing Tax Credits by the Tax Credit Allocation Committee (TCAC); and 2) new funding for housing programs from the Department of Housing and Community Development (HCD).

The federal Low Income Housing Tax Credit Program provides a tax credit to owners of low income rental housing that may be claimed annually over a ten year period. A companion State tax credit may be claimed over a four year period as a supplement to the federal credit. In each calendar year, a limited number of federal tax credits (equal to a formula of \$1.25 multiplied by the State population) is available (approximately \$36 million in federal credits, valued at \$360 million over ten years).

The State credit ceiling formula is the same as the federal. However, the total allocation may not exceed \$35 million. Preservation of affordable units with expiring use restrictions has been made a priority in the allocation of State credits. However, extension of the federal tax credit beyond June, 1992 is highly uncertain at this time.

## Local

Potential local funding sources for preservation include the City's Housing Development Fund, Community Development Block Grant Funds, and funds from the new HOME programs.

The Long Beach Housing Development Fund is primarily comprised of the tax increment set-aside requirement of all redevelopment areas in the City. Other funds are comprised of the Mortgage Revenue Bond Program, In-lieu Housing Replacement Fees, and interest as of June 30, 1991.

The Housing Development Fund is expected to receive approximately \$1.5 million annually in new revenues over the next five years. Adding the current fund balance in the Housing Development Fund with projected new revenues yields a projected five year Housing Development Fund balance of \$12.12 million. However, the current fund balance is committed to various projects and programs, thus, the projected total of the Housing Development Fund may not be available at this level. Nevertheless, assuming revenues accrue over the FY 1997 to FY 2001 at the same rate projected for FY 1992 to FY 1996, the FY 2001 Housing Development Fund Balance is projected at \$19.65 million. This projection excludes any interest earned on the fund.

Funding for the Community Development CDBG Program is expected to remain roughly the same over the next five years, unless the



program's appropriation is decreased by federal government action. The 1991-92 CDBG Entitlement amount for Long Beach is \$5.56 million. There are a number of competing uses for these CDBG funds. Funds allocated for housing rehabilitation in FY 1991-92 equal \$1.45 million. Five years of funding at this level would total \$7.25 million.

The City of Long Beach also anticipates participating in the new federal housing entitlement program, HOME. The estimated fiscal year 1992 entitlement amount for the City of Long Beach under the HOME formula, assuming a total \$1.46 billion appropriation, equals \$3.93 million. Over a five-year period, this represents approximately \$19.65 million in additional funds. HOME monies may be used for a wide variety of acquisition, rehabilitation and new construction programs for renters and owners.

The HOME program statute requires that federal HOME funds be matched with non-federal forms of subsidy. The amount of the match required varies with the type of activity undertaken with HOME funds. The required match amounts listed below are likely to be modified within the next year. Currently, the match is as follows (matching funds as a percentage of HOME funds used):

	Required Match (Match \$ as a % of Home \$)
New construction, acquisition of new housing, New construction plus rehabilitation	50%
Substantial rehabilitation (<\$25,000/unit)	33%
Moderate rehabilitation, tenant-based rental assistance, acquisition of existing housing	25%

In summary, over the next five years, the City of Long Beach is expected to receive a total of \$39.02 million in funds which potentially may be used for housing programs, including the preservation of at-risk units through acquisition and rehabilitation. Assuming level funding over the subsequent five years, the total amount of housing funds available over the next ten years is estimated at \$73.47 million.

#### PUBLIC AND PRIVATE NON-PROFIT CORPORATIONS

Housing law requires the identification of entities known to the local government which have the legal and managerial capacity to acquire and manage these at-risk housing developments. The City has identified the following entities: The Long Beach Housing Development Company; the Los Angeles Community Design Center;

Bridge; the Retirement Housing Foundation; the California Housing Partnership; and tenant associations of these projects which may establish themselves as non-profit corporations for this purpose. Also, attached is a list showing other entities interested in these preservation activities in the Los Angeles County area. Each of these entities may assist in the preservation of our at-risk, affordable housing projects.

#### FUNDING ASSISTANCE TO PRESERVE AFFORDABILITY

The local assistance to preserve the affordability of the at-risk units has been calculated in the following cases: 1) as rental projects with and without federal funding; 2) as a comparison among two federal programs available for at-risk projects requiring non-federal or matching funds; and 3) the funding assistance necessary for individual resident homeownership without federal moneys.

#### Preservation of At-Risk Units as Rental Units

This section examines the local assistance required to maintain the at-risk units as affordable rental units with and without federal funding. The LIHPRHA eligible at-risk projects may be acquired by the resident associations or non-profit entities which would rent the units to the residents.

An analysis was undertaken to estimate the amount of funds necessary if resident associations or non-profit entities pursue their first-priority buyer option with and without LIHPRHA funds. The analysis determined the net operating income available to service debt under the existing subsidy program for each project, and then calculated the additional new debt that could be supported. Supportable debt was subtracted from total preservation cost (acquisition costs plus rehabilitation costs plus soft costs) to identify the public subsidy required.

A comparison of possible local assistance required and estimated local funds potentially available for the housing preservation activities of at-risk units, including CDBG, Housing Development Funds, and HOME, indicates that it is feasible for the City to preserve at-risk units as rental units. The table below assumes that the bond projects would only receive assistance for the rent restricted units. Please note that the bond projects are not eligible for LIHPRHA funds.



Comparison of Potential Local Assistance  
for All At-Risk Projects and Available Housing Funds  
FY 1990 to FY 1999  
City of Long Beach  
(1991 Dollars)

	Potential Local Assistance Requirement				Est. Potentially
	With LIHPRHA	Unit	W/O LIHPRHA	Unit	Available Local
	Funds (1)	Cost	Funds (2)	Cost	Funds
FY 1990 - 1994	\$2.1 million	\$ 6,907	\$ 7.7 million	\$25,328	\$39.0 million
FY 1995 - 1999	<u>\$7.4 million</u>	\$ 9,686	<u>\$21.7 million</u>	\$28,430	<u>\$31.4 million</u>
Total	\$9.5 million	\$ 8,895	\$29.4 million	\$27,528	\$70.4 million

(1) assumes subsidy required for LIHPRHA-eligible at-risk units and tax-exempt mortgage rates for other units.

(2) assumes tax-exempt mortgage rates for all at-risk units.

Attached are Tables 5 and 6 of the Preservation Strategy which show the possible local assistance needs for each development at-risk within the ten year analysis period with various funding alternatives. Table 5 shows the subsidy requirements with federal funding under LIHPRHA for eligible units to be 10% of preservation equity. This table assumes HUD acquisition loans for 95% of preservation equity and a local subsidy of 5% plus an additional 5% for other costs not covered. Table 6 shows the subsidy for all other at-risk units with conventional mortgage rates and tax-exempt mortgage rates. The conventional or taxable mortgage rate is at 9.5% interest for 30 years. The tax-exempt mortgage rate is at 7.5% interest for 30 years.

#### Preservation of At-Risk Units as Rental and/or Homeownership Units

Some of the funding available for the at-risk units allow for a project to have both rental and homeownership units. In the HOPE Program at least 66% of the units must be sold to eligible buyers. Non-purchasing renters are allowed to remain, however no more than 34% of the units can remain rental units after conversion.

The amounts of non-federal funds necessary to preserve the at-risk as rental units and/or homeownership units through the use of two federal programs LIHPRHA and HOPE are compared. However, it should be noted that HOPE grant monies may not be used in conjunction with LIHPRHA.

The owner of a property covered by LIHPRHA cannot file a Notice of Intent (NOI) while a HOPE planning grant application is pending; and if HUD awards the planning grant, the owner cannot file an NOI during the grant period or during the pending HOPE implementation grant application. The owner is then restricted from filing an NOI until an award decision is made. If the application is rejected, the owner can proceed with the NOI under LIHPRHA.

The table below, compares (for at-risk projects covered under LIHPRHA) the estimated local subsidy required under LIHPRHA, with the estimated aggregate non-federal match requirement that would be necessary assuming HOPE implementation grants. (For a description of the HOPE program please refer to the federal funds section on page 9 of this report). This table is intended to illustrate the difference in the local subsidy requirements under the two funding sources. There will not be sufficient HOPE program funds to assist all at-risk projects in Long Beach. HOPE program guidelines call for at least one implementation grant to be awarded in each of the ten HUD Regions in the country.

As can be seen in the table below, the estimated non-federal match requirements under HOPE are about 130% higher than the local subsidy requirements under LIHPRHA. This suggests that the City of Long Beach's pursuit of HOPE grants would be a significantly more costly approach than preservation through federal appropriations provided under LIHPRHA.

Comparison of Potential Local Assistance for Federally-Assisted Projects  
Using Federal Assistance - LIHPRHA or HOPE 2  
FY 1990 to FY 1999  
City of Long Beach  
(1991 Dollars)

	<u>LIHPRHA</u>	<u>Unit</u>	<u>HOPE 2</u>	<u>Unit</u>
	<u>Local Subsidy</u>	<u>Cost</u>	<u>Non-Federal Match</u>	<u>Cost</u>
FY 1990 to FY 1994	\$0.8 million	\$3,252	\$2.0 million	\$8,130
FY 1995 to FY 1999	<u>\$2.0 million</u>	\$3,922	<u>\$4.5 million</u>	\$8,823
Total	\$2.8 million	\$3,704	\$6.5 million	\$8,598

#### Preservation of At-Risk Units as Homeownership

Without the use of federal monies to subsidize affordable mortgages to the residents, the amount of local assistance necessary is substantially higher. The following analysis was conducted on the Federally-assisted projects. For further detail please see Tables A and B.

Funding Assistance Required for Affordable Mortgages  
of At-Risk Federally-Assisted Projects HUD 236 & 221(d)(3)  
(Without the Use of Federal Funds)  
FY 1990 to FY 1999  
City of Long Beach  
(1991 Dollars)

	Estimated Subsidy for Affordable Mortgages	Unit Cost
FY 1990 to FY 1994	\$ 10.6 million	\$43,089
FY 1995 to FY 1999	<u>\$ 22.9 million</u>	\$44,902
Total	\$ 33.5 million	\$44,312

Please note that the figures above assume a mortgage for 95% of acquisition cost at 9% for 30 years, plus property taxes at 1% of acquisition costs, plus insurance at 5% of acquisition costs, plus homeowner association dues (maintenance, etc.) estimated at \$100 per month.

EXHIBIT A-2

Exhibit A-2, "Preservation Strategy for Affordable Housing Units" prepared for the City by the firms of David Paul Rosen & Associates and Goldfarb and Lipman, contains much of the detailed analysis summarized in this Housing Element Amendment. This research document is available upon request.



Table 1

**INVENTORY OF AT-RISK PROJECTS EXPIRING BETWEEN FY 1989/1990 AND FY 1998/1999  
CITY OF LONG BEACH**

Project/ Location	Conversion Date	Total Units	Restricted Units	Program/ Type	Number of Bedrooms	Number of Restr. Units
<b>PROJECTS WITH APPROVED PLANS OF ACTION FROM HUD</b>						
Parwood Apartments I 5441 Paramount Blvd.	May-88	248	248	HUD 221(d)(3) Family	1 BR's 2 BR's 3 BR's	32 168 48
Parwood Apartments II 5441 Paramount Blvd.	Aug-90	280	280	HUD 221(d)(3) Family	2 BR's 3 BR's	232 48
<b>Subtotal—Approved Plans of Action</b>		<u>528</u>	<u>528</u>			
<b>PROJECTS WITH CONVERSION DATES BETWEEN JULY 1, 1989 AND JUNE 30, 1994</b>						
Del Amo Gardens* 225 E. Del Amo Blvd.	Mar-92	230	228 **	HUD 221(d)(3) Senior	1 BR's	228
Burnett Manor 699 Burnett St.	Sep-93	18	18	HUD 236 Family	1 BR's 2 BR's	6 12
Scherer Park 4676 Long Beach Blvd.	Oct-93	58	58	HUD Section 8 Family	1 BR's	58
<b>Subtotal—FY 90 to FY 94</b>		<u>306</u>	<u>304</u>			
<b>PROJECTS WITH CONVERSION DATES BETWEEN JULY 1, 1994 AND JUNE 30, 1999</b>						
Chestnut Manor 1585 Chestnut Ave.	Jul-94	24	24	HUD 236 Family	1 BR's 2 BR's	8 16
Magnolia Royale 3360 Magnolia	Jul-94	172	21	Bond	0 BR's	21
Springdale West I & II 2095 W. Spring St.	Aug-95	232	232	HUD 236 Family	1 BR's 2 BR's 3 BR's	6 178 48
Magnolia 1128 E. 4th St.	Sep-95	54	11	Bond Senior	1 BR's	11
Meadow Wood Village 1613 Ximeno Ave.	Oct-95	206	42	Bond Family	1 BR's 2 BR's	26 16
California 20 1070 Martin Luther King	Dec-95	20	4	Bond		
Bermuda Shores 2132 Bermuda	Jan-96	23	5	Bond Family	2 BR's 3 BR's	4 1
Springdale West III 2095 W. Spring St.	Sep-96	178	178	HUD 236 Family	1 BR's 2 BR's 3 BR's	4 118 56

(Continued...)



Table 1

**INVENTORY OF AT-RISK PROJECTS EXPIRING BETWEEN FY 1989/1990 AND FY 1998/1999  
CITY OF LONG BEACH**

Project/ Location	Conversion Date	Total Units	Restricted Units	Program/ Type	Number of Bedrooms	Number of Restr. Units
<b>PROJECTS EXPIRING JULY 1, 1994 TO JUNE 30, 1999 (Continued)</b>						
Pacific Coast Plaza 700 E. Esther St.	Dec-96	78	76 **	HUD 236 Family	1 BR's 2 BR's 3 BR's	20 46 10
City Terrace 425 E. 3rd. St.	Jan-97	98	20	Bond	1 BR's	20
Mammen and Howie 1081 E. 10th St.	Feb-97	6	6	Local Infill	2 BR's	6
Marbrissa Apartments 1801 Terrmino Ave.	May-97	201	41	Bond	0 BR's 1 BR's 1 BR's 2 BR's	11 13 9 8
Renaissance Terrace 926 Locust	Jun-97	102	61	61 RHP, 21 Bond Family	1 BR's 2 BR's 3 BR's	47 28 7
Channel Point Apartments 5926 Bixby Village Dr.	Jul-97	212	43	Bond Family	1 BR's 2 BR's	24 19
Subtotal-FY 1995 to FY 1999		1,606	764			
TOTAL-FY 1990 to FY 1999		1,912	1,068			

\* The owner of Del Amo Gardens has filed a Notice of Intent with HUD.

\*\* 2 units in each project are reserved as management units.

Source: David Paul Rosen & Associates

Table 2  
COMPARISON OF REPLACEMENT COSTS AND PRESERVATION COSTS  
AT-RISK PROJECTS EXPIRING BETWEEN FY 1989/90 AND FY 1998/1999  
CITY OF LONG BEACH

Project/ Location	Restricted Units		Replacement Cost	Preservation Cost	Difference Between Replace. & Pres. Cost
<b>PROJECTS EXPIRING JULY 1, 1989 TO JUNE 30, 1994</b>					
Del Amo Gardens 225 E. Del Amo Blvd.	228	Total Cost:	\$18,126,000	\$11,433,185	\$6,692,815
		Cost Per Unit:	\$79,500	\$50,146	\$29,354
Burnett Manor 699 Burnett St.	18	Total Cost:	\$1,576,200	\$771,470	\$804,730
		Cost Per Unit:	\$87,567	\$42,859	\$44,707
Scherer Park 4676 Long Beach Blvd.	58	Total Cost:	\$4,611,000	\$2,801,600	\$1,809,400
		Cost Per Unit:	\$79,500	\$48,303	\$31,197
<b>Subtotal—FY 90 to FY 94</b>	<b>304</b>	Total Cost:	<b>\$24,313,200</b>	<b>\$15,006,255</b>	<b>\$9,306,945</b>
		Cost Per Unit:	<b>\$79,978</b>	<b>\$49,363</b>	<b>\$30,615</b>
<b>PROJECTS EXPIRING JULY 1, 1994 TO JUNE 30, 1999</b>					
Chestnut Manor 1585 Chestnut Ave.	24	Total Cost:	\$2,101,600	\$1,593,410	\$508,190
		Cost Per Unit:	\$87,567	\$66,392	\$21,175
Magnolia Royale 3360 Magnolia	21	Total Cost:	\$1,501,500	\$2,210,380	(\$708,880)
		Cost Per Unit:	\$71,500	\$105,256	(\$33,756)
Springdale West I & II 2095 W. Spring St.	232	Total Cost:	\$21,970,600	\$15,141,000	\$6,829,600
		Cost Per Unit:	\$94,701	\$65,263	\$29,438
Magnolia 1128 E. 4th St.	11	Total Cost:	\$874,500	\$470,710	\$403,790
		Cost Per Unit:	\$79,500	\$42,792	\$36,708
Meadow Wood Village 1613 Ximeno Ave.	42	Total Cost:	\$3,532,600	\$3,440,200	\$92,400
		Cost Per Unit:	\$84,110	\$81,910	\$2,200
California 20 1070 Martin Luther King	4	Total Cost:	N/A	N/A	N/A
		Cost Per Unit:	N/A	N/A	N/A
Bermuda Shores 2132 Bermuda	5	Total Cost:	\$199,700	\$484,100	(\$284,400)
		Cost Per Unit:	\$39,940	\$96,820	(\$56,880)

(Continued...)

Table 2

**COMPARISON OF REPLACEMENT COSTS AND PRESERVATION COSTS  
AT-RISK PROJECTS EXPIRING BETWEEN FY 1989/90 AND FY 1998/1999  
CITY OF LONG BEACH**

Project/ Location	Restricted Units		Replacement Cost	Preservation Cost	Difference Between Replace. & Pres. Cost
<b>PROJECTS EXPIRING JULY 1, 1994 TO JUNE 30, 1999 (Continued)</b>					
Springdale West III	178	Total Cost:	\$17,180,400	\$11,987,140	\$5,193,260
2095 W. Spring St.		Cost Per Unit:	\$96,519	\$67,343	\$29,176
Pacific Coast Plaza	76	Total Cost:	\$6,884,600	\$4,268,320	\$2,616,280
700 E. Esther St.		Cost Per Unit:	\$90,587	\$56,162	\$34,425
City Terrace	20	Total Cost:	\$1,590,000	\$1,139,180	\$450,820
425 E. 3rd. St.		Cost Per Unit:	\$79,500	\$56,959	\$22,541
Mammen and Howie	6	Total Cost:	\$549,600	\$425,390	\$124,210
1081 E. 10th St.		Cost Per Unit:	\$91,600	\$70,898	\$20,702
Marbrissa Apartments	41	Total Cost:	\$3,268,300	\$2,892,240	\$376,060
1801 Termino Ave.		Cost Per Unit:	\$79,715	\$70,542	\$9,172
Renaissance Terrace	61	Total Cost:	\$5,388,500	\$3,928,420	\$1,460,080
926 Locust		Cost Per Unit:	\$88,336	\$64,400	\$23,936
Channel Point Apartments	43	Total Cost:	\$3,648,400	\$4,459,900	(\$811,500)
5926 Bixby Village Dr.		Cost Per Unit:	\$84,847	\$103,719	(\$18,872)
<b>Subtotal—FY 95 to FY 99</b>	<b>764</b>	<b>Total Cost*:</b>	<b>\$68,690,300</b>	<b>\$52,440,390</b>	<b>\$16,249,910</b>
		<b>Cost Per Unit*:</b>	<b>\$90,382</b>	<b>\$69,001</b>	<b>\$21,381</b>
<b>TOTAL—FY 90 TO FY 99</b>	<b>1,068</b>	<b>Total Cost*:</b>	<b>\$93,003,500</b>	<b>\$67,446,645</b>	<b>\$25,556,855</b>
		<b>Cost Per Unit*:</b>	<b>\$87,082</b>	<b>\$63,152</b>	<b>\$23,930</b>

\* Total costs and costs per unit exclude California 20 project.

Source: David Paul Rosen & Associates



Table 3

**TYPICAL RENTAL HOUSING DEVELOPMENT COSTS (1)  
CITY OF LONG BEACH  
1991**

	Studio	One-Bed	Two-Bed	Three-Bed
<b>UNIT SIZE</b>	550 S.F.	650 S.F.	800 S.F.	1,000 S.F.
<b>RESIDENTIAL CONSTRUCTION COSTS (2)</b>				
Per Square Foot	\$62.93/S.F.	\$62.93/S.F.	\$62.93/S.F.	\$62.93/S.F.
Total Per Unit	\$34,612	\$40,905	\$50,344	\$62,930
<b>PARKING CONSTRUCTION COSTS (3)</b>	\$4,125	\$4,125	\$5,425	\$5,425
<b>FEES (4)</b>				
Building Permit	\$295	\$344	\$366	\$433
Plan Check	\$347	\$405	\$431	\$509
Sewer Capacity Surcharge	\$600	\$600	\$600	\$1,050
School	\$869	\$1,027	\$1,264	\$1,580
Park and Recreation	\$2,070	\$2,070	\$2,070	\$2,070
Transportation Impact	\$1,125	\$1,125	\$1,125	\$1,125
Elec., Plumb., Mech., Fire Preven. Permit Fees	\$250	\$300	\$500	\$750
<b>Total Fees:</b>	<u>\$5,556</u>	<u>\$5,871</u>	<u>\$6,356</u>	<u>\$7,517</u>
<b>SOFT CONSTRUCTION COSTS (5):</b>	\$8,859	\$10,180	\$12,425	\$15,174
<b>TOTAL CONSTRUCTION COSTS</b>	<u>\$49,026</u>	<u>\$56,956</u>	<u>\$69,125</u>	<u>\$85,621</u>
<b>LAND COSTS (6) (30 to 40 DUS/Acre)</b>	\$22,500	\$22,500	\$22,500	\$22,500
<b>TOTAL COSTS (7)</b>	<u>\$71,526</u>	<u>\$79,456</u>	<u>\$91,625</u>	<u>\$108,121</u>
<b>TOTAL COSTS (ROUNDED)</b>	\$71,500	\$79,500	\$91,600	\$108,100

(1) All units assumed to have one bath except the three-bedroom which has two baths.

(2) Cost was estimated using the Marshall & Swift Valuation Service for an average class D multi-family residential development. Building cost per square foot is \$50.75. A multiplier of 1.24 is used to adjust costs to the Los Angeles area and to December 1991 costs. Costs are for stick frame stacked apartments.

(3) Parking requirements as per recently amended zoning ordinance. Costs assume 1.5 covered spaces per unit for studio and one-bedroom units and 2 covered spaces per unit for studio and one-bedroom units and 2 covered spaces per unit for two and three bedroom units. at 200 SF per space at \$13 per SF. Assumes guest parking at 1 open space per four units, 150 SF per space at \$6 per square foot.

(4) From City of Long Beach Planning Department.

(5) Estimated at 20% of residential construction costs, parking construction costs and fees.

(6) Based on land sales comparables at assumed density of 30 to 40 units per acre.

(6) Costs do not include contingencies.

Source: City of Long Beach Planning Department; Marshall & Swift Valuation Service;  
David Paul Rosen & Associates.

leLB-DevCost-Pres



Table 4

**ESTIMATED PRESERVATION COSTS**  
**LIHPRIA PROJECTS EXPIRING BETWEEN FY 1989/90 AND FY 1998/99**  
(In 1991 Dollars)

Project/ Location	Restricted Units	Program/ Type	Estimated Acquisition Cost	Estimated Rehabilitation Costs (1)	Estimated Soft Costs (2)	Total Preservation Costs	Total Preserv. Cost/Unit
<b>PROJECTS EXPIRING FY 1990 TO FY 1994</b>							
Del Amo Gardens 225 E. Del Amo Blvd.	228	HUD 221(d)(3) Senior	\$10,416,180	\$684,000	\$333,005	\$11,433,185	\$50,146
Burnett Manor 699 Burnett St.	18	HUD 236 Family	\$699,000	\$50,000	\$22,470	\$771,470	\$42,859
<b>Subtotal—FY 90 to FY 94</b>	<b>246</b>		<b>\$11,115,180</b>	<b>\$734,000</b>	<b>\$355,475</b>	<b>\$12,204,655</b>	<b>\$49,612</b>
<b>PROJECTS EXPIRING FROM FY 1995 TO FY 1999</b>							
Chestnut Manor 1585 Chestnut Ave.	24	HUD 236 Family	\$1,347,000	\$200,000	\$46,410	\$1,593,410	\$66,392
Springdale West I & II 2095 W. Spring St.	232	HUD 236 Family	\$13,370,000	\$1,330,000	\$441,000	\$15,141,000	\$65,263
Springdale West III 2095 W. Spring St.	178	HUD 236 Family	\$10,513,000	\$1,125,000	\$349,140	\$11,987,140	\$67,343
Pacific Coast Plaza 700 E. Esther St.	76	HUD 236 Family	\$3,512,000	\$632,000	\$124,320	\$4,268,320	\$56,162
<b>Subtotal—FY 95 to FY 99</b>	<b>510</b>		<b>\$28,742,000</b>	<b>\$3,287,000</b>	<b>\$960,870</b>	<b>\$32,989,870</b>	<b>\$64,686</b>
<b>TOTAL—FY 90 TO FY 95</b>	<b>756</b>		<b>\$39,857,180</b>	<b>\$4,021,000</b>	<b>\$1,316,345</b>	<b>\$45,194,525</b>	<b>\$59,781</b>

(1) Assumed to equal conversion costs estimated by Cutler & Associates.

(2) Estimated @ 3.0% of acquisition plus rehabilitation costs.

Source: Cutler & Associates; David Paul Rosen & Associates.

Table 4A

**ESTIMATED PRESERVATION COSTS FOR AT-RISK UNITS  
NON-LIHPREA PROJECTS EXPIRING BETWEEN FY 1989/90 AND FY 1998/99  
(In 1991 Dollars)**

Project/ Location	Restricted Units	Program/ Type	Estimated Acquisition Cost	Estimated Rehabilitation Costs (1)	Estimated Soft Costs (2)	Total Preservation Costs	Total Preserv. Cost/Unit
<b>PROJECTS EXPIRING FY 1990 TO FY 1994</b>							
Scherer Park 4676 Long Beach Blvd.	58	HUD Section 8	\$2,256,000	\$464,000	\$81,600	\$2,801,600	\$48,303
<b>Subtotal--FY 90 to FY 94</b>	<b>58</b>		<b>\$2,256,000</b>	<b>\$464,000</b>	<b>\$81,600</b>	<b>\$2,801,600</b>	<b>\$48,303</b>
<b>PROJECTS EXPIRING FY 1995 TO FY 1999</b>							
Bermuda Shores 2132 Bermuda	5	Bond Family	\$448,000	\$22,000	\$14,100	\$484,100	\$96,820
Meadow Wood Village 1613 Ximeno Ave.	42	Bond Family	\$3,210,000	\$130,000	\$100,200	\$3,440,200	\$81,910
Magnolia 1128 E. 4th St.	11	Bond Senior	\$369,000	\$88,000	\$13,710	\$470,710	\$42,792
City Terrace 425 E. 3rd St.	20	Bond	\$1,046,000	\$60,000	\$33,180	\$1,139,180	\$56,959
Magnolia Royale 3360 Magnolia	21	Bond	\$2,083,000	\$63,000	\$64,380	\$2,210,380	\$105,256
California 20 1070 Martin Luther King	4	Bond	N/A	N/A	N/A	N/A	N/A
Mammen and Howie 1081 E. 10th St.	6	Local Infill	\$393,000	\$20,000	\$12,390	\$425,390	\$70,898
Marbriasa Apartments 1801 Termino Ave.	41	Bond	\$2,726,000	\$82,000	\$84,240	\$2,892,240	\$70,542
Renaissance Terrace 926 Locust	61	RHP & Bond Family	\$3,635,500	\$178,500	\$114,420	\$3,928,420	\$64,400
Channel Point Apartments 5926 Bixby Village Dr.	43	Bond Family	\$4,130,000	\$200,000	\$129,900	\$4,459,900	\$103,719
<b>Subtotal--FY 95 to FY 99*</b>	<b>254</b>		<b>\$18,040,500</b>	<b>\$843,500</b>	<b>\$566,520</b>	<b>\$19,450,520</b>	<b>\$77,892</b>
<b>TOTAL--FY 90 to FY 99*</b>	<b>312</b>		<b>\$20,296,500</b>	<b>\$1,307,500</b>	<b>\$648,120</b>	<b>\$22,252,120</b>	<b>\$72,247</b>

\* Total costs and costs per unit exclude California 20 project.

(1) Assumed to equal conversion costs estimated by Cutler & Associates.

(2) Estimated @ 3.0% of acquisition plus rehabilitation costs.

Source: Cutler & Associates; David Paul Rosen & Associates, Inc.

eLB-PresCost-Other-Restr

Table 4B

**ESTIMATED PRESERVATION COSTS FOR AT-RISK PROJECTS  
NON-LIHPREA PROJECTS EXPIRING BETWEEN FY 1990/90 AND FY 1998/99  
(In 1991 Dollars)**

Project/ Location	Total Units	Program/ Type	Estimated Acquisition Cost	Estimated Rehabilitation Costs (1)	Estimated Soft Costs (2)	Total Preservation Costs	Total Preserv. Cost/Unit
<b>PROJECTS EXPIRING FY 1990 AND FY 1994</b>							
Scherer Park 4676 Long Beach Blvd.	58	HUD Section 8 Family	\$2,256,000	\$101,200	\$70,716	\$2,427,916	\$41,861
<b>Subtotal—FY 90 to FY 94</b>	<b>58</b>		<b>\$2,256,000</b>	<b>\$101,200</b>	<b>\$70,716</b>	<b>\$2,427,916</b>	<b>\$41,861</b>
<b>PROJECTS EXPIRING FY 1995 AND FY 1999</b>							
Bermuda Shores 2132 Bermuda	23	Bond Family	\$2,016,700	\$101,200	\$63,537	\$2,181,437	\$94,845
Meadow Wood Village 1613 Ximeno Ave.	206	Bond Family	\$16,019,400	\$637,600	\$499,710	\$17,156,710	\$83,285
Magnolia 1128 E. 4th St.	54	Bond Senior	\$1,810,000	\$432,000	\$67,260	\$2,309,260	\$42,764
City Terrace 425 E. 3rd. St.	98	Bond	\$5,363,000	\$294,000	\$169,710	\$5,826,710	\$59,456
Magnolia Royale 3360 Magnolia	172	Bond	\$17,060,000	\$516,000	\$527,280	\$18,103,280	\$105,252
California 20 1070 Martin Luther King	20	Bond	N/A	N/A	N/A	N/A	N/A
Mammen and Howie 1081 E. 10th St.	6	Local Infill	\$393,000	\$20,000	\$12,390	\$425,390	\$70,898
Marbrissa Apartments 1801 Termino Ave.	201	Bond	\$13,566,000	\$402,000	\$419,040	\$14,387,040	\$71,577
Renaissance Terrace 926 Locust	102	RHP & Bond Family	\$5,673,500	\$298,500	\$179,160	\$6,151,160	\$60,305
Channel Point Apartments 5926 Bixby Village Dr.	212	Bond Family	\$20,410,000	\$986,000	\$641,880	\$22,037,880	\$103,952
<b>Subtotal—FY 95 to FY 99*</b>	<b>1,094</b>		<b>\$82,311,600</b>	<b>\$3,687,300</b>	<b>\$2,579,967</b>	<b>\$88,578,867</b>	<b>\$82,476</b>
<b>TOTAL—FY 90 to FY 99*</b>	<b>1,152</b>		<b>\$84,567,600</b>	<b>\$3,788,500</b>	<b>\$2,650,683</b>	<b>\$91,006,783</b>	<b>\$80,395</b>

\* Total costs and costs per unit exclude California 20 project.

(1) Assumed to equal conversion costs estimated by Cutler & Associates.

(2) Estimated @ 3.0% of acquisition plus rehabilitation costs.

Source: Cutler & Associates; David Paul Rosen & Associates.



Table 5

ESTIMATED LOCAL SUBSIDY REQUIRED TO PRESERVE ASSISTED UNITS  
LIHPRA PROJECTS EXPIRING BETWEEN FY 1989/1990 AND FY 1998/1999

Project/ Location	Restricted Units	Program/ Type	With Federal Funding for LIHPRA Projects		Without Federal Funding for LIHPRA			
			Total Subsidy	Per Unit	Conventional Mortg. Rates		Tax-Exempt Mort. Rates	
			Total Subsidy	Per Unit	Total Subsidy	Per Unit	Total Subsidy	Per Unit
PROJECTS EXPIRING FY 1990 TO FY 1994								
Del Amo Gardens 225 E. Del Amo Blvd.	223	HUD 221(d)(3) Senior	\$805,678	\$3,534	\$6,771,924	\$29,701	\$6,305,637	\$27,656
Burnett Manor 699 Burnett St.	18	HUD 236 Family	\$48,500	\$2,694	\$192,302	\$10,683	\$118,330	\$6,574
Subtotal—FY 90 to FY 94	246		\$854,178	\$3,472	\$6,964,226	\$28,310	\$6,423,966	\$26,114
PROJECTS EXPIRING FY 1995 TO FY 1999								
Chestnut Manor 1585 Chestnut Ave.	24	HUD 236 Family	\$101,800	\$4,242	\$646,876	\$26,953	\$521,782	\$21,741
Springdale West I & II 2095 W. Spring St.	232	HUD 236 Family	\$921,760	\$3,973	\$7,824,382	\$33,726	\$7,183,407	\$30,963
Springdale West III 2095 W. Spring St.	178	HUD 236 Family	\$693,950	\$3,899	\$6,752,974	\$37,938	\$6,416,573	\$36,048
Pacific Coast Plaza 700 E. Esther St.	76	HUD 236 Family	\$237,610	\$3,126	\$2,353,507	\$30,967	\$2,195,723	\$28,891
Subtotal—FY 95 to FY 99	510		\$1,955,120	\$3,834	\$17,577,738	\$34,466	\$16,317,485	\$31,995
TOTAL—FY 90 to FY 99	756		\$2,809,298	\$3,716	\$24,541,964	\$32,463	\$22,741,451	\$30,081

(1) Under LIHPRA, HUD incentives may include a loan for up to 95% of preservation equity; therefore the minimum local subsidy required to purchase is 5% of preservation equity.

(2) Estimated subsidy increased to 10% of preservation equity to account for costs that HUD may not cover (overhead, administration, additional rehab., etc.)

Source: David Paul Rosen & Associates



Table 6

**ESTIMATED LOCAL SUBSIDY REQUIRED TO PRESERVE ASSISTED UNITS  
NON-LIHPRA PROJECTS EXPIRING BETWEEN FY 1989/90 AND FY 1998/99  
(In 1991 Dollars)**

Project/ Location	Restr. Units	Program/ Type	Assuming Conventional Mortgage Rates		Assuming Tax-Exempt Mortgage Rates	
			Total Subsidy	Per Unit	Total Subsidy	Per Unit
PROJECTS EXPIRING FY 1990 TO FY 1994						
Scherer Park 4676 Long Beach Blvd.	58	HUD Section 8 Family	\$1,586,027	\$27,345	\$1,339,789	\$23,100
Subtotal—FY 90 to FY 94	58		\$1,586,027	\$27,345	\$1,339,789	\$23,100
PROJECTS EXPIRING FY 1995 TO FY 1999						
Bermuda Shores 2132 Bermuda	5	Bond Family	\$220,650	\$44,130	\$167,283	\$33,457
Meadow Wood Village 1613 Ximeno Ave.	42	Bond Family	\$1,204,392	\$28,676	\$751,485	\$17,893
Magnolia 1128 E. 4th St.	11	Bond Senior	\$121,028	\$11,003	\$50,192	\$4,563
City Terrace 425 E. 3rd. St.	20	Bond	\$311,612	\$15,581	\$142,972	\$7,199
Magnolia Royale 3360 Magnolia	21	Bond	\$642,195	\$30,581	\$324,528	\$15,454
California 20 1070 Martin Luther King	4	Bond	N/A	N/A	N/A	N/A
Mammen and Howie 1081 E. 10th St.	6	Local Infill	\$115,261	\$19,210	\$52,439	\$8,740
Marbrissa Apartments 1801 Termino Ave.	41	Bond	\$1,109,374	\$27,058	\$748,219	\$18,249
Renaissance Terrace 926 Locust	61	RHP & Bond Family	\$1,137,095	\$18,641	\$571,657	\$9,371
Channel Point Apartments 5926 Bixby Village Dr.	43	Bond Family	\$2,908,022	\$67,628	\$2,593,658	\$60,318
Subtotal—FY 94 to FY 99*	254		\$7,769,628	\$31,079	\$5,403,433	\$21,614
TOTAL—FY 90 to FY 99*	312		\$9,355,656	\$29,986	\$6,743,223	\$21,894

\* Total subsidy and subsidy per unit exclude California 20 project.

Source: David Paul Rosen & Associates, Inc.

eLB-ProcSubs-Other-Sum

**Table A**  
**COMPARISON OF CURRENT RENTS, MARKET RENTS AND MORTGAGE NEEDED TO ACQUIRE UNITS**  
**LIHPRIA PROJECTS EXPIRING BETWEEN FY 1989/90 AND FY 1998/99**  
**(In 1991 Dollars)**

Project/ Location	Restricted Units	Program/ Type	Number of Bedrooms	Number of Restr. Units	Current Rent w/ Restr. (1)	Market Rent	Est. Ave. HH Income	Ave. Tenant Rent Pmt. (2)	Monthly Cost to Buy	% of Income to Buy
<b>PROJECTS EXPIRING FY 1990 TO FY 1994</b>										
Del Amo Gardens 225 E. Del Amo Blvd.	228	HUD 221(d)(3) Senior	1 BR's	228	\$322	\$550	\$8,363	\$209	\$548	79%
Burnett Manor 699 Burnett St.	18	HUD 236 Family	1 BR's 2 BR's	6 12	\$350 \$431	\$425 \$475	\$11,567	\$404	\$486	50%
<b>PROJECTS EXPIRING FY 1995 TO FY 1999</b>										
Chestnut Manor 1585 Chestnut Ave.	24	HUD 236 Family	1 BR's 2 BR's	8 16	\$427 \$581	\$660 \$750	\$9,933	\$530	\$694	84%
Springdale West I & II 2095 W. Spring St.	232	HUD 236 Family	1 BR's 2 BR's 3 BR's	6 178 48	\$384 \$467 \$525	\$510 \$675 \$880	\$13,762	\$344	\$683	60%
Springdale West III 2095 W. Spring St.	178	HUD 236 Family	1 BR's 2 BR's 3 BR's	4 118 56	\$384 \$467 \$525	\$510 \$675 \$880	\$14,180	\$354	\$701	59%
Pacific Coast Plaza 700 E. Esther St.	76	HUD 236 Family	1 BR's 2 BR's 3 BR's	20 46 10	\$340 \$412 \$457	\$565 \$700 \$765	\$12,263	\$307	\$602	59%

(1) Actual rent to apartment owner under current subsidy program.

(2) For projects with Section 8 contracts, average tenant rental payment equals 30% of household income. For other projects, equals average current rent to owner.

(3) Estimated monthly cost to homebuyer to acquire unit (average across unit bedroom sizes). Assumes mortgage for 95% of acquisition cost at 9% for 30 years, plus property taxes @ 1% of acquisition costs, plus insurance @ 0.5% of acquisition costs, plus homeowner association dues (maintenance, etc.) estimated at \$100 per month.

Source: Cutler & Associates, Inc.; David Paul Rosen & Associates, Inc.

**Table B**  
**MORTGAGE SUPPORTED BY AFFORDABLE MORTGAGE PAYMENTS BY EXISTING TENANTS**  
**LIHPHA PROJECTS EXPIRING BETWEEN FY 1989/90 AND FY 1998/99**  
(In 1991 Dollars)

	Del Amo Gardens	Burnett Manor	Chestnut Manner	Springdale West I & II	Springdale West III	Pacific Coast Plaza
Project Acquisition/Rehab. Costs (1)	\$11,100,180	\$749,000	\$1,547,000	\$14,700,000	\$11,638,000	\$4,144,000
Plus: Condo Conversion Costs	\$56,300	\$9,050	\$10,400	\$57,200	\$45,050	\$22,100
Total Ownership Costs	\$11,156,480	\$758,050	\$1,557,400	\$14,757,200	\$11,683,050	\$4,166,100
Average Ownership Cost Per Unit	\$48,932	\$42,114	\$64,892	\$63,609	\$65,635	\$54,817
Average Household Income (2)	\$8,363	\$11,567	\$9,933	\$13,762	\$14,180	\$12,263
Mo. Housing Cost to Buy w/o Subsidy (3)	\$535	\$475	\$677	\$666	\$684	\$588
Affordable Mo. Hsg. Cost @ 30.0% (4)	\$209	\$289	\$248	\$344	\$354	\$307
Less: Property Taxes @ 1.25% (5)	\$51	\$44	\$68	\$66	\$68	\$57
Less: Insurance @ 0.50% (6)	\$20	\$18	\$27	\$27	\$27	\$23
Less: Homeowners Assoc. Dues	\$100	\$100	\$100	\$100	\$100	\$100
Available for Mo. Mortgage Pmt.	\$38	\$127	\$53	\$151	\$159	\$127
Average Supportable Mortgage Per Household 9.0% Fixed, 30 Years	\$4,733	\$15,805	\$6,628	\$18,772	\$19,822	\$15,731
Required Subsidy Per Household	\$44,199	\$26,309	\$58,264	\$44,837	\$45,813	\$39,086
Total Project Subsidy Required	\$10,077,356	\$473,560	\$1,398,328	\$10,402,096	\$8,154,734	\$2,970,544

- (1) Includes estimated acquisition costs, rehabilitation costs, and closing costs for each project.  
(2) Based on actual existing tenant income data for Del Amo Gardens, Chestnut Manor and Pacific Coast Plaza.  
Weighted average income by bedroom size for these three projects used to estimate current tenant incomes for remaining projects.  
(3) Estimated monthly cost to acquire unit without subsidy, including principal, interest, taxes, insurance and homeowners association dues.  
(4) Assumes households spend 30% of income on monthly principal, interest, taxes, insurance, and homeowners association (maintenance) costs.  
(5) Property taxes calculated at 1.25% of project acquisition cost plus rehabilitation costs.  
(6) Property insurance calculated at 0.5% of project acquisition cost plus rehabilitation costs.

Source: Cutler & Associates; David Paul Rosen & Associates.



Date : 11/19/91  
Page : 7

ENTITIES INTERESTED IN RIGHT OF FIRST REFUSAL PROGRAM  
Source: Department of Housing & Community Development, Community Affairs Division

ORGANIZATION	CONTACT NAME	ADDRESS	CITY	ST ZIP
<u>(SOUTHERN CALIFORNIA)</u>				
<u>Inyo</u>				
Ralph F. Carrico	Ralph F. Carrico	18107 Hwy. 173	Hesperia	Ca 92345
<u>Los Angeles</u>				
Inglewood Housing Authority	Art Waller	P.O. Box 6500	Inglewood	Ca 90501
Korean Youth Center	B. H. Kim	3986 Ingraham Street	Los Angeles	Ca 90005
Skid Row Housing Trust	Candy Rupp	315 W. 9th St, Ste. 410	Los Angeles	Ca 90015
Pasadena Housing Alliance	David Foster	235 East Holly St, Ste C	Pasadena	Ca 91101
LB Hsg. Dev. Co., Community Dev. Dept.	Diane McNeel	333 W Ocean Blvd, 3rd Flr	Long Beach	Ca 90802
Pomona Comm. Dev. Dpt., Hsg & Grant Div	Duane Solomon	P.O. Box 660	Pomona	Ca 91769
Foundation for Social Resources, Inc.	G Devorris	2044 Overland Avenue	Los Angeles	Ca 90025
Twelve Pack Enterprises	Galen Goben	P.O. Box 544	Pasadena	Ca 91102
Community Corp. Of Santa Monica	Guy Devorris	1351 3rd St Prom, Ste 206	Santa Monica	Ca 90401
Concerned Citizens/S Central Los Angeles	Juanita Tate	P.O. Box 11337	Los Angeles	Ca 90011
HomeAid	Judith F. Lenthall	1330 S. Valley Vista Dr.	Diamond Bar	Ca 91765
Southern California Presbyterian Homes	Marc Herrera	1111 W. Brand Blvd Ste300	Glendale	Ca 91202
Inglewood Neighborhood Housing Services	Martina Gullfohl	733 E. Hyde Park Blvd.	Inglewood	Ca 90302
Community Development Commission	Milton Patterson	4800 Brooklyn Avenue	Los Angeles	Ca 90022
West Hollywood Community Housing Corp.	Paul Zimmerman	7906 Santa Monica Bl--203	West Hollywood	Ca 90046
Fame Housing Corporation	Peggy Hill	2249 S. Harvard Blvd.	Los Angeles	Ca 90018
Ralph F. Carrico	Ralph F. Carrico	18107 Hwy. 173	Hesperia	Ca 92345
Legal Aid Foundation of Los Angeles	Robert Longoria	5228 Whittier Blvd.	Los Angeles	Ca 90022
Los Angeles Community Design Center	Robin Hughes	315 West 9th St, Ste 410	Los Angeles	Ca 90015
Curry Temple Community Development Corp.	William R. Johnson, Jr.	1001 W. Hickory Avenue	Compton	Ca 90220
<u>Mono</u>				
Ralph F. Carrico	Ralph F. Carrico	18107 Hwy. 173	Hesperia	Ca 92345
La Casa Development	Regan P. Jones	286 Greenhouse Mktpl.#258	San Leandro	Ca 94579
<u>Orange</u>				
M.O.M.E.S., Inc.	Beverly Sommer	1905 E. 17th Street, #217	Santa Ana	Ca 92701
Twelve Pack Enterprises	Galen Goben	P.O. Box 544	Pasadena	Ca 91102
HomeAid	Judith F. Lenthall	1330 S. Valley Vista Dr.	Diamond Bar	Ca 91765
Southern California Presbyterian Homes	Marc Herrera	1111 W. Brand Blvd Ste300	Glendale	Ca 91202
Golden State Mobilhome Owners League, Inc	Marguerite Ferrante	1579 Morena Blvd., #B19	San Diego	Ca 92110
Ralph F. Carrico	Ralph F. Carrico	18107 Hwy. 173	Hesperia	Ca 92345
Flory, Olson & Van Osdel	Reed Flory	11711 Sterling Ave, Ste B	Riverside	Ca 92503
Coun Of Orange Co Soc/St Vincent De Paul	Scott Mather	180 S. Cypress	Orange	Ca 92666
Zucker Systems	Sharon Welsh	3911 California Street	San Diego	Ca 92110
<u>Riverside</u>				
Foundation for Social Resources, Inc.	G Devorris	2044 Overland Avenue	Los Angeles	Ca 90025



TABLE 51  
(Revised in August of 1992)  
SUMMARY COMPARISON OF NEEDS AND TARGETS

Provision of Housing to Accommodate Growth:

<u>Need</u> (in units)	<u>Target</u> (in units)
Very low income: 1,901	150 new assisted 175 Navy 63 University 285 not demolished or replaced
Low income: 2,967	850 new assisted 275 Navy 187 University 665 not demolished or replaced
Moderate income: 2,848	7,000 private market
Upper income: 5,701	2,000 private market
Total: 13,417	11,650

Correction of Physical Deficiencies:

<u>Need</u> (in units)	<u>Target</u> (in units)
Substandard Rehabilitatable	
Very low income: 707	562 rehabilitated
Low income: 1,112	878 rehabilitated
Moderate income: 3,234	2,560 privately rehabbed
Total: 5,053	4,000
Substandard Non-rehabilitatable	
Very low income: 560	117 demolished
Low income: 875	183 demolished
Total: 1,435	300

Threats to Existing Affordable Units/Conservation of At-Risk Units:

<u>Need/Potential Units Lost</u>	<u>T a r g e t s / U n i t s</u> Saved/Conserved
Loss of Government Subsidies	
Very low income: 367	245
Low income: 575	383
Demolition (including SRO loss)	
Very low income: 370	370*
Low income: 580	580*
Condo conversion 300	300
Total: 2,192	1,878

TABLE 51  
SUMMARY COMPARISON OF NEEDS AND TARGETS  
continued

Assisting First Time Homebuyers:

	<u>Need</u>	<u>Target</u>
New homebuyers assisted	Unknown	800 units

Special Needs of the Homeless:

	<u>Need</u>	<u>Target</u>
Homeless seeking temporary shelter	300-350	350 beds

Residential Affordability Gap:

Low income households (LIHH) paying more than 30% for housing

1989 LIHH overpaying for housing	38,559
1989-1994 increase in LIHH allocated by SCAG	+4,868
1989-1994 LIHH to be assisted	<u>-2,650</u>
1994 LIHH overpaying for housing	40,777

\* Units saved from demolition are also included in target for provision of housing to accommodate growth because this need, as allocated by SCAG, includes an estimate of affordable units to be demolished.





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